Austria	Sch30	Iran	Ri210	Pakistan	Rs30
Bahrain	Din0.800	Israel	Shk4.00	Philippines	[illegible]
Belgium	BFr60	Italy	L2200	Poland	Zl 11,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	[illegible]
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils.600	S.Arabia	[illegible]
Finland	FM8.30	Lebanon	L£1,000	Singapore	[illegible]
France	FFr7.30	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malaysia	[illegible]	Sweden	[illegible]
Greece	Dr200	Morocco	[illegible]	Switz	[illegible]
Hungary	Ft120	Neth	[illegible]	Thailand	[illegible]
Iceland	[illegible]	Nigeria	[illegible]	Tunisia	[illegible]
India	Rs30	Norway	NKr13.00	Turkey	L5000
Indonesia	Rp3100	Oman	OR1.30	UAE	[illegible]

EUROPE'S BUSINESS NEWSPAPER

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AGRICULTURE

Planting a shield against the desert

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World News

German tax rise sparks angry protest

The German government ran into a storm of criticism after comprehensively reneging on its pre-election pledges by adopting a package of tax increases to raise an extra DM48bn ($33bn) in revenues for 1991 and 1992. Page 18

EC defence aid

The European Commission is considering helping European defence companies which want to ease the impact of military budget cuts by expanding civil operations. Page 18

Bangladesh election

Bangladesh votes today for a new parliament, in an atmosphere charged with political violence and strong state security. Page 8

Yeltsin criticised

President Mikhail Gorbachev sought to regain the political initiative from his arch-rival Mr Boris Yeltsin with a speech blaming "a most intense power struggle" for pushing the Soviet Union off the road of reform. Page 18

Soviet-S Africa link

South Africa and the Soviet Union took a first step towards renewing diplomatic relations since 1955 by agreeing to set up interest sections in the Austrian embassies in Pretoria and Moscow. Page 8

Mud buries villages

About 200 people were missing and feared dead after four large villages were buried by two huge mudslides in the remote highlands of Papua New Guinea, authorities said.

Coach crash kills 10

Ten Japanese tourists were killed and 16 injured when a bus in which they were travelling crashed into a bridge near the southern Spanish town of Ecija.

Business Summary

Unilever puts £376m aside to restructure

UNILEVER, the Anglo-Dutch food and consumer industries group, has set aside $376m to cover the costs of restructuring its manufacturing operations for the single European market. Page 19; Lex, Page 18

THOMSON Consumer Electronics (TCE), French television producer, quadrupled its net losses to FFr680m ($137.4m) last year. Page 18

NATWEST chairman Lord Alexander said County Natwest, troubled investment banking arm of the UK group, has two years at the most to prove that it could make money. Page 18; Lex Page 18

PHILIPS, Dutch electronics group, is expected to unveil the largest loss ever suffered by a company in the Netherlands. Page 21

CHILE'S central bank has authorised commercial banks to invest up to 25 per cent of their dollar time deposits abroad, in what is seen as a first step towards freeing the movement of capital in and out of the country. Page 24

BAe, British Aerospace, reported a 13 per cent rise in pre-tax profits and said it was confident about growth prospects. Page 21; Lex, Page 18

SWEDEN'S financial institutions suffered SKr17.7bn in loan losses last year, according to the country's Bank Inspection Board. Page 19

GOLDSTAR, South Korean electronics group, has acquired a 4.97 per cent stake in Zenith Electronics, US-owned maker of television sets. Page 20

AGF, Assurances Générales de France, French insurance company, has bought a stake in Aachener & Muenchener Beteiligungs (AMB), the German insurer. Page 21

US and British forces prepare to confront Saddam's elite Republican Guard

Allies battle for Kuwait airport

By Tony Walker in Riyadh and David White and Robert Graham in London

US MARINES were last night battling for control of Kuwait City airport as US and British tanks prepared to confront the armour of Iraq's crack Republican Guard.

The destruction of the Guard, seen as the backbone of the Iraqi military and the main bodyguard of President Saddam Hussein, is part of the allied strategy aimed at toppling the Iraqi leader.

President George Bush and the US-led coalition appeared determined to force a surrender and said that only troops dropping their weapons would be unharmed.

Gen Sir Peter de la Billière, commander of Britain's forces in the Gulf, said the 1st Armoured Division which, together with tanks of the US 7th Army Corps was thrusting north, was well ahead of schedule.

This appeared to be the principal armoured thrust in a complex operation mounted on several axes both to encircle and engage Iraqi forces. It was also designed to draw the elite Republican Guard, positioned along the northern Kuwaiti-Iraqi border, from well-entrenched positions.

Allied forces began to wrest control of Kuwait City yesterday from retreating Iraqi troops and pressed home their overwhelming superiority across a broad battle front in Kuwait and southern Iraq.

Thousands of Iraqi troops heeded Mr Saddam's call to withdraw, issued early yesterday. But others fought on, unable to avoid the encirclement which had been carried out with unexpected ease by allied armoured units in under three days of ground fighting.

Allied casualties were last night given as 18 killed and 70 wounded in the land offensive. The number of Iraqi deaths was not revealed.

About 21 divisions, representing half of the 500,000-strong Iraqi forces in southern Iraq and Kuwait, had been destroyed or disabled, according to Brig-Gen Richard Neal, the US military spokesman in Riyadh. At least 30,000 prisoners had been taken so far and some allied officials said it was becoming increasingly difficult to keep count of them.

However, they said these were mostly front-line infantry units. The reaction of Iraq's heavier army formations had still to be properly tested, British officials warned.

"We are attacking and continuing to attack a retreating force," Brig-Gen Neal said.

Although Mr Saddam called for an orderly withdrawal from Kuwait to positions occupied by his troops on August 1 1990 – the day before the invasion of Kuwait – he remained defiant. He praised the performance of his army, saying: "You have faced 30 countries and the evil they have brought here... you have faced the whole world, brave Iraqis... You have won... you are victorious."

Mr Saddam's broadcast at 8.25am GMT confirmed a Baghdad Radio announcement 10 hours earlier. Immediately after he spoke, news agencies reported that Iraqis went into the streets of Baghdad, with some firing shots into the air.

Until his announcement, there had been some doubt over the authority of the original order to pull out. But yesterday's rambling and emotional speech was unambigous and he specifically stated that Kuwait, which less than a month ago he had vowed never to leave, was no longer part of Iraq.

He told his troops to retreat with honour and in an organised manner but as quickly as possible. He gave no order to leave weapons or heavy equipment behind. But he appeared to be pinning hopes on Soviet diplomatic efforts at the United Nations to ensure a ceasefire.

The operation to secure Kuwait City and relieve up to 400,000 civilians holed up in the ruined capital was well under way last night.

But Sheikh Jaber al-Sabah, the exiled Emir of Kuwait, issued a decree at midday from his temporary base in Taif, Saudi Arabia, declaring martial law in anticipation of the allies seizing control rapidly.

The extent to which Iraqis were retreating was confused. Brig-Gen Neal said the Iraqi army was in full retreat. British defence officials said some units had been detected heading north, away from allied forces. But there was "no reliable evidence" of an organised and general move to pull out of Kuwait.

"The British have a major task ahead of them," he said. "Indeed, they are well stuck into it. That is to close with the enemy armour and destroy it."

"The destruction of the Republican Guard remains a coalition priority," Gen de la Billière added, "and the 1st Amoured will have to play a full role in achieving this aim."

A French light armoured division, supported by troops of the US 101st Airborne Division, were reported to have reached the Euphrates River in southern Iraq in a wide flanking manoeuvre to cut off avenues of retreat for the Republican Guard while the heavy tank divisions surged forwards to engage the elite units.

Guard units have been subjected to days of bombing and allied spokesmen claimed before the ground offensive began that the force's combat effectiveness had been reduced by at least 40 per cent.

Allied pilots, meanwhile, were attacking "bumper-to-bumper" traffic among retreating Iraqis on the road north from Kuwait. Pilots were bombing the Iraqi column with cluster bombs, inflicting terrible damage, military spokesmen said.

"It looks like the Iraqis are moving out and we're hitting them hard. It's not going to take too many more days until there's nothing left of them," a US pilot was quoted as saying.

While sporadic fighting continued near Kuwait airport between US Marines and Iraqi units, US television reported that Kuwait City itself had been freed. Brig-Gen Neal said that although the allies were taking large numbers of prisoners of war, the bulk of the Iraqis were not surrendering. "We are not seeing withdrawal," he said. "We are seeing retreat under fire."

Troops from the US 101st airborne division establish positions inside Iraq after landing by helicopter

Iraqis 'set Kuwait hotels on fire before withdrawal'

By Our Foreign Staff

FLEEING Iraqi troops added to the extensive damage in Kuwait City arising from nearly seven months of occupation, according to a fax communiqué received in London yesterday.

The message to the Free Kuwait Campaign offices in Bayswater said: "The major hotels have received great damage and all lobbies were set on fire by the enemy before withdrawing. Marriott Hotel was set on fire.

Two buildings of Sheraton Hotel were set on fire, also Meridien was severely damaged and burnt. SAS Hotel and Regency was set on fire and there is great damage to most of the rooms, lobby, mechanical facilities etc...

"We have noticed that the half of the top floor of International Hotel was set on fire and burnt. Holiday Inn has not been seen yet and therefore we don't know whether it was damaged or not.

"Also we have taken a tour around the city and we have seen that the seafront project was completely destroyed but the Seif Palace seems to be damaged by artillery. Also the Stock Exchange building seems to be in good condition and maybe did not receive any damage.

"The city seems to be clear from soldiers. This includes the seaside and the enemy soldiers have fled last night in all directions towards the north after receiving order to evacuate the country.

"The withdrawal started at midnight and it was disorganised and first the high-ranking officers started rushing from their hide-outs in stolen cars accompanied by tankers loaded with fuel. They were driving through all roads and highways leading to the border.

"In this process the enemy (left) behind him huge number of soldiers and all of them have already been gathered or in the process of being gathered by Kuwaiti volunteers as prisoners of war.

"They were treated very well and now kept in various locations in the city and later on they will be handed over to the joint forces when they arrive in the city.

"Also we have noticed the enemy have left behind him huge quantity of ammunition and Triple A (anti-aircraft guns) from the seaside and on top of buildings etc.

Continued on Page 18

Bush says war effort will continue

By Peter Riddell, in Washington, Ivo Dawnay in London and Leyla Boulton in Moscow

A resolute President George Bush yesterday brushed aside President Saddam Hussein's orders to his army to withdraw from Kuwait, and promised that the allies would continue "to prosecute the war with undiminished intensity".

The US is insisting that the only way for the fighting to end is for Iraqi forces to lay down their arms. The allies will not attack retreating unarmed soldiers but will consider retreating combat units as a threat.

With Downing Street reporting that the élite Republican Guard were all but surrounded, it seemed clear that Britain was quite as determined as the US to see Iraq's crack troops lay down their weapons or be permanently removed as a military threat.

Speaking after officials had conducted lengthy discussions with the White House, Mr John Major, Britain's prime minister, repeatedly emphasised that Mr Saddam was not to be trusted. He said the Iraqi leader's broadcast had made clear his determination to launch future attacks on Kuwait.

The allied intention, now well on the way to being achieved, is to cut off and force the surrender of Iraqi troops, including the Republican Guard formations, both in Kuwait and in southern Iraq.

A senior US official, however, said there was no intention of advancing on Baghdad and seeking to capture or kill Mr Saddam. He said the aim was to humiliate him by uncompromising defeat.

Mr Bush brushed aside Mr Saddam's broadcast announcing the Iraqi withdrawal, which he described as an "outrage." Mr Saddam, he said, "is trying to claim victory in the midst of a rout. And he is not voluntarily giving up Kuwait. He is trying save the remnants of power and control in the Middle East by every means possible."

Moreover, Mr Bush said Mr Saddam still did not accept all 12 UN resolutions and was only interested in regrouping and fighting another day.

Diplomatic discussions about how to take advantage of the end of the war are now gathering momentum. The British, German and French foreign ministers will all visit Washington this week to see Mr James Baker, the US secretary of state.

The Soviet Union was yesterday attempting to secure UN backing for a ceasefire in the Gulf as President Mikhail Gorbachev warned the US that its handling of the crisis could yet strain the improved superpowers' relationship.

Moscow's renewed efforts to stop what a presidential spokesman called "further bloodshed and destruction" came hours after Mr Saddam's pull-out announcement.

The US is irritated by Moscow's attempts to broker a diplomatic compromise, but Mr Bush has been careful not to criticise the Soviet Union publicly and has referred to its constructive efforts. This is partly because Washington understands the domestic pressures on Mr Gorbachev and also because it wants to avoid a split which would affect longer term relations.

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Bonn proposes delay for Eurofed

By David Buchan in Brussels

GERMANY proposed yesterday that a decision to establish a European central bank should be delayed at least until 1997, and should not be taken until EC leaders agreed that they were ready to move to a single currency.

Its draft monetary union treaty, tabled at a meeting of negotiators of the Twelve, would also harden the existing European currency unit rather than create a separate hard Ecu.

Germany told its partners that stringent economic discipline must be written into the treaty, as well as terms of independence for the European central bank, if Bonn is to agree to surrender the D-Mark in monetary union.

Virtually every other member state is likely to dispute one or other aspect of the 18-page draft treaty. But they recognise that economic and monetary union (Emu) cannot go ahead without the largest and richest EC member and that Germany, around whose monetary policy the current European Monetary System (EMS) revolves, will make a significant surrender of monetary sovereignty in agreeing to Emu.

Germany's two most controversial proposals are that:

● Establishment of the Eurofed central bank should be delayed. At the start of stage two, which would begin in 1994 provided there was "lasting progress towards convergence, especially in price stability and improvement in public finances", the present committee of the central bank governors of the Twelve should continue, although it would be called a "council" instead. The decision to set up the Eurofed should be taken three years later at the earliest, and only after EC leaders had pronounced the time ripe to move to a single currency.

This line, only fully backed by the Dutch, will annoy many countries, notably France, which has proposed that the Eurofed should, early on, start intervening on foreign exchange markets with pooled reserves. Bonn counters that this is a recipe for muddle between the Eurofed and national central banks.

● Bonn has formally opted for hardening the existing Ecu rather than creating a separate hard Ecu, as the UK has proposed. It says the value of the Ecu should not be allowed to fall against that of the strong currencies in the basket during realignments.

On the final stage of Emu, Germany is insisting that the EC treaty should set an arithmetical threshold on what should be considered an "excessive" budget deficit.

The German paper says that if the ratio of a country's pub

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Colombian president struggles with a credibility problem

President César Gaviria, who visits the US this week, is worried that his invitation to drug traffickers to surrender without running the risk of extradition is being misinterpreted as a sell-out

Page 7

MARKETS

STERLING
New York lunchtime:
$1.91765
London:
$1.9205 (1.923)
DM2.92 (2.9275)
FFr9.915 (9.9525)
SFr2.505 (2.5075)
Y255.0 (256.5)
£ Index 93.9 (94.2)

GOLD
New York: Comex Apr
$360.2 (360.8)
London:
$364.35 (364.35)

N SEA OIL (Argus)
Brent 15-day Apr
$17.175 (16.9)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime:
DM1.5248
FFr5.1805
SFr1.30915
Y133.02
London:
DM1.52 (1.5225)
FFr5.1625 (5.175)
SFr1.3045 (1.3035)
Y132.75 (133.35)
$ Index 61.5 (61.4)
Tokyo close: Y133.07

US lunchtime rates
Fed Funds 6¼%
3-mo Treasury Bills: yield: 6.182%
Long Bond: $97\frac{5}{16}$
yield: 8.109%

STOCK INDICES
FT-SE 100:
2,322.2 (−13.3)
FT Ordinary:
1,855.0 (−11.5)
FT-A All-Share:
1,123.31 (−0.4%)
New York lunchtime:
DJ Ind. Av.
2,860.5 (−27.7)
S&P Comp
363.15 (−4.11)
Tokyo: Nikkei
26,282.96 (−179.8)

LONDON MONEY
3-month interbank:
closing 13% (12⅞)
Liffe long gilt future:
Mar 92½ (92¾)

THE GULF WAR

- **August 1990 2** — Iraq invades Kuwait; UN condemns occupation & demands withdrawal
- **August 1990 11** — Saddam offers to withdraw if Israel leaves occupied territories & multinational forces withdraw
- **November '90 29** — UN votes 12-2 to authorise use of force against Iraq unless it withdraws & sets Jan 15 deadline
- **January 1991 16** — UN deadline for Iraqi withdrawal expires at 5am GMT
- **January 1991 17** — Allies launch air war
- **February 1991 15** — Iraq makes second conditional withdrawal offer
- **February 1991 21** — US rejects revised Moscow peace initiative
- **February 1991 24** — Allies launch land war
- **February 1991 26** — Baghdad radio announces Iraqi troops have been ordered to withdraw

SCENTING victory a convoy of Saudi tanks and armoured vehicles races towards Kuwait City

SMILING Crown Prince Saad

VICTORY sign from Ghazi al-Rayes, Kuwait's UK envoy

Al-Sabah poised to return to shattered Kuwait

By Tony Walker in Riyadh

WITHIN days Sheikh Saad al-Abdullah al-Sabah, the Kuwaiti crown prince and prime minister, may be leading his exiled government back into Kuwait seven months after it was put to flight by Saddam Hussein's legions.

Much has happened since that fateful August 2 morning. Sheikh Jaber al-Ahmed al-Sabah, Kuwait's 64-year-old ruler, was not overstating things when he declared this week that "the Kuwait of tomorrow is not the Kuwait of yesterday given the dimensions of the heavy duties we face."

Not least of the tasks facing the returning administration will be the reconstruction of the battered country. Some estimates put the cost of repairing the damage wrought by the Iraqi occupiers at well over $100bn.

More difficult than this will be the task of bringing order to chaos, rebuilding institutions and, perhaps most awkward, working out a new relationship between rulers and ruled.

Sheikh Jaber and his cousin Sheikh Saad would be foolish to believe they will be able to pick up where they left off in the family fiefdom known in business circles as Kuwait Inc. Mr Saddam's brutal intervention in Kuwait's affairs has ensured that things in the tiny, oil rich emirate will never be the same again.

Even before the invasion there were stirrings in the emirate. A pro-democracy movement was challenging the status quo. Kuwaitis were demanding the re-convening of parliament suspended in 1986 and the holding of free elections under a relatively liberal constitution that dates from the years after Kuwait gained its independence from Britain in 1961.

Under pressure to provide a real measure of democracy

Under pressure, the al-Sabah promised the restoration of democracy even as it was trying to change the ground rules by seeking to modify the constitution which invests parliament with more authority than almost any other similar institution in the Arab world.

Arguments about democratic freedoms were continuing in Kuwait itself until the day Iraqi tanks rolled across the border. In those first moments after the invasion, Mr Saddam even tried to pretend that pro-democracy activists had invited Iraq's intervention.

That, of course, was nonsense, but the invasion did further stimulate debate among Kuwaitis about democratic freedoms. The al-Sabah will have difficulty restraining these demands. Sheikh Jaber, in his National Day message this week, promised to restore a sort of democratic life to "a new Kuwait." The problem is the ruling family's view of how democracy in Kuwait should function does not necessarily correspond with the wishes of democrats intent on making the al-Sabah more accountable to parliament under the terms of the constitution.

Opposition groups will not necessarily have been encouraged by Crown Prince, Sheikh Saad's remarks this week.When asked whether he would bring back the legislature he said: "Yes, but in the right time...This is one of the questions which could be discussed" after the monarchy retakes control of Kuwait.

The opposition is forming a National Constitutional Front to press their demands and participants will represent almost the entire Kuwaiti political spectrum from Islamicists on one side to liberals on the other who are seeking parliamentary representation for women. Allied with efforts to restore parliament and the constitution will be a drive to remove press shackles.

Kuwait has spawned over the years some of the liveliest and best quality newspapers in the Arab world, but for most of the 1980s the press was restrained and any criticism of the ruling family was effectively banned.

Censorship became more pronounced after the 1986 suspension of parliament. Sheikh Jaber cited a foreign conspiracy aimed at destroying Kuwait and deflecting it from its support of Iraq in the Gulf war as the pretext for the closure of the National Assembly. He was referring to a series of terrorist bombings in Kuwait and attacks on its interests abroad by Iranian-backed local Shia Moslems, some of whom were released from jail last August by the invading Iraqis.

Local opposition figures, including the 26 MPs who made up an unofficial opposition in the 50-member parliament, detected other more self-serving reasons for the closure of the Assembly which had been used as a forum for increasingly pointed criticism of the al-Sabah following the calamitous crash in 1982 of the local Souk al-Manakh stock market.

Members were asking how it was that the Government could have allowed one of the most spectacular stock market crashes in history paper debts totalled $7bn, many times the capitalisation of all Kuwait banks and how influential individuals close to the royal family were able to borrow vast sums from the banks without security to fund speculative share trading. This was by no means the first time allegations of corruption had been levelled at influential al-Sabah, some of whom occupy very senior positions in the government to this day.

Some fear a witchhunt against Palestinians

One of the issues Kuwaitis are certain to press with their rulers when the euphoria of regaining their country wears off, is how it was that Kuwait's defences and security were so disorganised when the Iraqis invaded. Some of Kuwait's military commanders and security chiefs continued holidaying in Europe even as reports emerged of Iraqi troops massing on the border in the days before August 2.

There has even been talk of putting some of those responsible for lax defence preparations on trial. Another vexed issue is certain to be relations with the Palestinians. Before Iraq's invasion, Kuwait was home to the largest single Palestinian community outside the occupied territories and Jordan.

Many have fled in the last seven months, but a substantial number remain and there is certain to be suspicion between returning Kuwaitis and Palestinians, many of whom are suspected of collaborating with Iraq. Bitterness between the two communities may well prove to be a continuing source of tension. Witchunts are likely.

Kuwaiti ministers are saying openly they expect previously indulgent Kuwaiti society to become more self reliant, less dependent on outside labour in the new era. That remains to be seen, but one of the more shameful aspects of Kuwait in the past was the widespread mistreatment of domestic workers, many of whom came from the Indian subcontinent and from Thailand and the Philippines.

Another potential source of trouble may arise between the 200,000 300,00 Kuwaitis who stayed behind and the more than 500,000 who fled or who were out of the country for their summer holidays when the invasion struck. Those who remained in Kuwait may be resentful of those who did not show the same steadfastness.

Kuwait and Kuwaitis have endured a national trauma and it would be surprising if cross-currents, perhaps some of them ugly, did not emerge. There will also be the continuing grief over the estimated several thousand Kuwaitis Kuwaiti officials say 9,000 killed by the Iraqis, and the perhaps as many as 10,000 Kuwaiti prisoners-of-war said to be in Iraq.

At the same time, the authorities face a huge rehabilitation and reconstruction task. The al-Sabah almost certain understand that on the success of this effort will rest some of their claims to continuing legitimacy. One commodity that is not in short supply is money, although exile has been expensive.

The so-called Fund For Future Generations, a huge investment portfolio said to be worth as much as $100bn before the invasion, provides Kuwait's rulers with the wherewithal to introduce an emergency relief programme to rebuild the counntry from the ground up and perhaps most important to put out the fires that are burning out of control in more than 500 oil well-heads, causing losses of something like $100m a day.

As a Kuwaiti official in Riyadh said yesterday: "When we return home, we will have to start from scratch."

Future of KIO assets is likely to be a controversial issue

Secretive office leads revival strategy

By David Owen

THE SECRETIVE Kuwait Investment Office (KIO), which handles about $30bn of Kuwait's extensive overseas assets, will be at the heart of the emirate's post-war financial strategy.

The London-based body's reserves now constitute the state's "only financial source", according to Sheikh Salem Abdul-Aziz al-Sabah, the Kuwait central bank governor. As such, the office has already been supplying funds to other elements of the economy in exile, even though the assets it handles are technically kept in the Reserve Fund for Future Generations (RFFG), which amounts to a lucrative state pension fund.

One key decision will be the extent to which the office's assets need to be liquidated to help pay for the war effort and the cost of rebuilding the country. Other options, such as borrowing against the state's oil reserves, have been mooted.

Officials have stated that the government has not yet been forced to dip into the office's large pool of stock, bond and property holdings.

Others are sceptical of these claims. "Of course they have been selling assets," said one former insider recently.

A few publicly disclosable assets are known to have been sold. The office's 21.5 per cent holding in Dewey Warren, the mortgage company, was disposed of in September for 70p a share.

The 10.1 per cent stake in Mount Charlotte Investments, Britain's second-largest hotels group, has also been offloaded. So was Ertoil, a unit of Ercros, Spain's largest chemicals producer, whose main shareholder is controlled by the KIO.

Not known is whether sizeable sales of the state's array of non-disclosable holdings have been made. According to a former KIO executive, Kuwait has held small stakes in most blue-chip companies in all big world stock markets throughout the past decade.

Recent changes at both the KIO and its parent the Kuwait Investment Authority (KIA) suggest that those making the key decisions in the immediate post-war environment will be close associates of finance minister Ali al-Khalifa al-Sabah and the ruling al-Sabah family.

This was not always a foregone conclusion. Friction between the al-Sabahs and prominent outsiders who want clearer distinctions between the roles and interests of the state and the ruling family has been reflected in the running of Kuwait's investment bodies since the KIA's creation in 1982.

In a nutshell, the KIO has traditionally been identified with the al-Sabahs, while the KIA has been linked rather with the outsider grouping.

In recent years the KIA had appeared to be gaining the upper hand in the low-level sniping between the two bodies. This was never more so than last February when it was decided to recall to Kuwait Mr Fouad Jaffar, the long-serving KIO general manager.

But the Iraqi invasion has tilted the power balance back in favour of the KIO, enabling the ruling family to assert its control. If much of Kuwait's wealth had not been entrusted to a relatively independent body based in the safe haven of the City of London, the emirate might have been effectively pauperised.

One consequence of this shift came in January with the resignation in an unprecedented protest about the office's management structure of 12 KIO executives headed by Mr Salah al-Msousherji, assistant general manager.

Another came earlier this month with the replacement of four members of the KIA's management board, including Mr Fahad al-Rashed, the managing director. This was interpreted as an attempt by finance minister al-Khalifa to consolidate his control over the exiled organisation and to paper over the rift with its London-based subsidiary.

The intensification of this long-running inter-organisational tussle has done nothing, meanwhile, for the KIO's almost mystical City reputation as a repository of tranquillity and investment expertise.

Reconstruction costs likely to top $100bn

By Andrew Taylor, Construction Correspondent

PREPARATIONS for rebuilding Kuwait were in hand well before the land offensive started. But the scale of work needed has only become clear in the past few days as the extent of the devastation caused by the Iraqi forces has become apparent.

Not just oil wells and refineries have been set alight. Many buildings in Kuwait City, including several western-owned hotels, were yesterday reported burning or destroyed. The cost of rebuilding the country had been estimated as high as $100bn (£50.5bn). Some engineers say this will rise as the true extent of the damage becomes known.

The first job for engineers after clearing mines will be to reconnect essential services and make buildings and main roads safe. Some consultants say it could be several months before civilians can safely return. A priority will be to restore basic water and sewerage systems to prevent disease. Hospitals will need to be re-equipped or rebuilt.

The initial phase of emergency repair work will be managed by the US Corps of Engineers. Early this year the Corps was awarded a 90-day contract by the exiled Kuwait government to conduct emergency repairs after the fighting. It is important, if order is to be restored quickly, that work too gets under way quickly.

Last week a document went to UK companies asking if they wanted to register an interest in bidding for some of this work. The document had to be returned to the Corps of Engineers by Wednesday night – four days before the land offensive started.

The value of contracts offered to UK companies was only $46m. Total cost of emergency repair work is likely to run into hundreds of millions of dollars. The document lists main areas for consideration: clearing roads and reconnecting highways, restoring water, sewerage and electrical systems, re-opening ports and airports, and emergency repairs to buildings.

It said contracts might be awarded by either the US or Kuwait governments. Some UK companies have complained that US groups have secured a privileged position in bidding for reconstruction work. The British Department of Trade and Industry last week complained to the US government about the short notice given to UK companies to register their interest in bidding for emergency repair work.

Kuwait has pledged that UK companies will win a fair share of this work. But it will not be surprising if US companies take the lead, given the US commitment to the rescue of Kuwait. Britain, as second biggest contributor, also seems set for a large share of contracts.

Large-scale foreign borrowing expected

By Stephen Fidler, Euromarkets Correspondent

THE Kuwaiti government, faced with the giant task of reconstruction, is expected to be a significant borrower in the international financial markets in coming years, despite its huge stock of assets, conservatively estimated before the invasion at $100bn.

The loss of oil revenues, the financing of the war and help to friendly nations will have reduced this figure but assets still remain significant. However, Kuwait is likely to borrow large sums as it tries to avoid large-scale disposals of assets which could destabilise the world's stock and bond markets.

Before the experts have assessed the damage, estimating what Kuwait will need is little more than guesswork. Figures as high as $100bn have been suggested, although some bank estimates are lower – perhaps half that figure.

The government will also have to assess what it wants to rebuild and what it does not need. In a world of mobile telephone technology, for example, there seems little point in rebuilding a terrestrial phone system.

Kuwait will be able to tap foreign financing in a number of ways, traditional and more innovative. It will have access to simple balance-of-payments financing in unsecured loans from commercial banks, assuming the comprehensive defeat of President Saddam is seen as leaving the region significantly more secure.

It will also be able to use export credits from the western governments whose companies participate in the reconstruction. Those companies – expected to be led by Bechtel of the US – may themselves bring in finance. Builders of power stations are among those conventionally expected to provide finance along with construction expertise.

Kuwait also has two main types of asset to offer banks as security – its foreign financial assets and its oil exports.

It may prefer to borrow relatively cheaply against the security of the financial assets, for example, its 9.8 per cent stake in British Petroleum, rather than hit the market in BP shares by selling those assets.

Similarly, financing oil export projects is easy. Most of the development of the North Sea oil field has been financed by banks with expertise in the area. The repayments on their loans are secured against future receipts from oil deliveries.

With some adjustment, the replacement of Kuwait's damaged oil refineries can also be financed in this way, say bankers. The adjustment is needed simply because refineries' profit margins more frequently turn negative, so there is not always a guaranteed cash flow to pay off the banks.

Many projects may also be handled by the private sector. Hotels fall into this category but there are a large number of other projects, previously under the government's wing, which could be handled by the private sector.

The role of the US in freeing Kuwait is expected to benefit US banks, who are expected to play a large role. But it is widely expected that those institutions which panicked and cut credit lines to Kuwaiti banks at the time of the invasion – which include some US banks and a significant number of Japanese – will not see much business.

But it is still early days, and there are many uncertainties.

It is by no means clear that the individuals who headed key departments before the invasion will return to there previous posts. There will be other changes too. Kuwait has never before been a borrower. Bankers reckon the discipline of borrowing could change the way the economy is run. In the past, resources appeared to be unlimited. Now Kuwait will be forced to join the world of real economies where hard choices are made.

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THE GULF WAR

Triumphant homecoming through deserted defences

By Victor Mallet, west of Kuwait City

ALLIED forces made a triumphant advance towards Kuwait City yesterday, storming across the desert with columns of tanks and armoured personnel carriers to rout what was left of the Iraqi army.

Jubilant Kuwaitis took the lead in a joint Arab assault from the west, waving and cheering from their tanks and firing machine guns to celebrate their homecoming.

Kuwaitis, joined by Saudi and Egyptian armoured units and US liaison officers, met little resistance from Iraqi troops demoralised by a month of aerial bombardment.

As US A-10 "Tankbuster" jets bombed the Iraqi defences ahead of the land offensive, Iraqi soldiers emerged in droves from their trenches and foxholes, holding up white flags.

The military balance in the war to liberate Kuwait has heavily favoured the allied forces. President Saddam Hussein must nevertheless face the consequences of having courted and then suffered one of the most humiliating defeats in the history of warfare.

From what we saw in the Kuwaiti desert, the "Mother of Battles" – the ground war which the Iraqi leader thought would turn the tables after the allied air bombardment – was a walkover.

Iraqis surrendered by thousands, abandoning guns and ammunition and leaving behind them the charred hulks of tanks already destroyed by allied bombing. They said they detested Mr Saddam and drew pictures in the sand to explain the location of their defences.

From the south-west corner of Kuwait to Jahra in the east, we saw not a single Iraqi or allied casualty yesterday.

Columns of Kuwaitis, Egyptians and Saudis advanced north under their own artillery bombardments and then made a charge to the east.

The much-heralded Iraqi defensive lines were unimpressive. We crossed a still-burning but nearly empty trench that had once being filled with oil and traversed a series of minefields, barbed-wire obstacles and "berms", none of which caused serious problems for the allied engineers.

As we turned to the east and headed for Kuwait City, it seemed as if the whole desert was full of armoured vehicles and supply trucks.

The sky was black with smoke from burning oil wells sabotaged by the Iraqis, and a greasy soot fell on to the soldiers and their vehicles.

All around were abandoned Iraqi foxholes, their corrugated iron roofs providing little protection against the bombing. They had left their weapons, their gas masks, their dirty cooking utensils, their blankets and even their shaving brushes and razors. The desert is littered with bomb casings and shrapnel and pock-marked with holes, but camels grazed among the debris, apparently unconcerned by the explosions which shook the ground around them.

The Kuwaitis were overwhelmed with emotion, hardly able to believe that they were helping to liberate their country after seven months of occupation.

Sheikh Jaber al-Sabah, the Emir, has declared martial law for three months and appointed Sheikh Saad al-Sabah, the crown prince and prime minister, as military governor, according to Kuwaiti radio. The move is certain to anger Kuwaiti pro-democracy activists who fear the autocratic tendencies of the ruling family, but yesterday those feelings were set aside.

Kuwaiti flags, inscribed with the words "God is great" in Arabic, fluttered from the armoured vehicles as over-zealous Kuwaitis ignored orders and rushed ahead of the allied lines in their eagerness to get home.

"I'm so happy," said Sattam al-Shamari as he stood beside his armoured personnel carrier. "With the help of all our friends we have crushed Saddam and come home."

'This is what the liberation of Paris must have felt like, but Kuwait City looked more like Beirut'

Jubilation as shattered capital is liberated

By Jimmy Burns in London and agencies

KUWAIT CITY is today a battered and plundered urban landscape, as if it had fallen victim to some near-apocalyptic disaster.

As fighting continued on the edge of the city, the first live report came from Bob McKeown of CBS, the US television network. Made in poor light it nevertheless showed the jubilation of the Kuwaits at being liberated.

CBS also showed the chaos of warfare along the desert approaches to the city. Along one highway leading into the city there were burned-out Iraqi tanks and other military vehicles.

Further into town, there were undamaged but abandoned Iraqi vehicles, some with clothes strewn about: a telling image of the panic retreat by Iraqi soldiers.

"It's not Kuwait City anymore," commented one distraught Kuwaiti woman after describing the summary execution of civilians in recent days.

Surrounded by ecstatic Kuwaitis, McKeown said that this was what the liberation of Paris must have felt like, adding that he thought the city looked more like Beirut. But he was struck too by the desolation of some of the streets and the emerging tales of atrocity.

"It's not Kuwait City anymore," commented one distraught Kuwaiti woman after describing the summary execution of civilians in recent days.

Beyond these first impressions, additional information from Kuwaiti residents passed on in letters and telephone calls give a picture of urban devastation mainly wrought by the Iraqis, although some is almost certainly the result of allied attacks.

In its latest report, CBS confirmed damage to luxury hotels and the parliament building. "The city is very badly damaged, " said Mr McKeown.

Many of the top hotels have been badly damaged by fire in the past few days. Eyewitnesses say among those damaged are the Sheraton, the Meridian, the SAS Hotel, the International Hotel and the Regency.

Military fire power has also destroyed a large seafront project of residential and adminis-tative buildings, and damaged the imposing 19th century Sief palace. The fierce fighting going on around the white marble international airport yesterday seems likely to have inflicted further damage.

Even before the war started, returning western hostages described a steady deterioration of the city as a result of the Iraqi occupation.

Kuwaiti exiles have relayed reports from contacts of private homes being looted before being temporarily occupied by Iraqi soldiers. Windows have been boarded up and once graceful residences turned into crude military bunkers.

The gold souk, or market, has been ransacked and public buildings and installations have been systematically pillaged with everything from furniture to hi-tech equipment removed to Iraq.

Roads have been ripped up by heavy military vehicles; street signs have been damaged or taken away; and general maintenance, including sewage and electricity allowed to deteriorate.

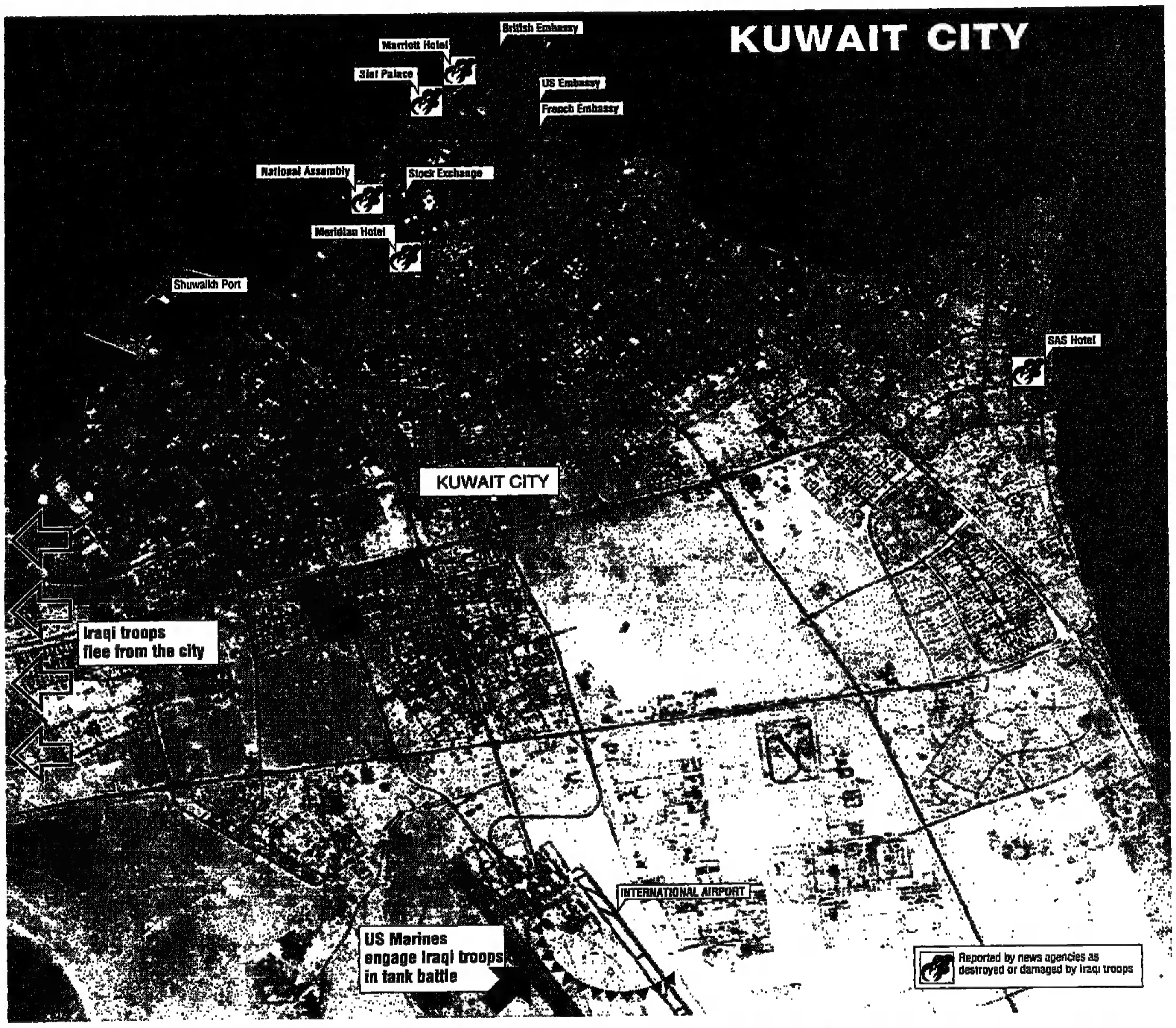
Before the Iraqi invasion, Kuwait City was dotted with well-manicured green belts and palm trees encirling grand architecture. Now the grass and trees are dead, many of the buildings are apparently ruined.

"Its a mess, an absolute mess," was how one exiled Kuwaiti resident described the scene recently. According to another report, the vegetation outside the the Kuwaiti parliament building was replaced by plastic flowers and portraits of President Saddam.

Mr Ghazi Al-rayes, the Kuwaiti ambassador to Britain, said in a recent report: "They have cut down all the trees along the shore where children liked to play. The museum was destroyed when they took the Islamic treasures..."

According to Kuwaiti officials, up to $800m may have to be spent initially just to restore emergency health care, sanitation, communications, transportation, utilities, food and water in the first three months following liberation.

But beyond this companies are already lining up for what they believe could be the biggest urban reconstruction since the second world war. As one liberated Kuwaiti told the CBS reporter yesterday: Its been like living in hell here.



Firefighters prepare to tackle 600 blazing wells

By Deborah Hargreaves

ALMOST 600 oil wells are now alight in Kuwait and many oil facilities had been destroyed, the US military said yesterday, as President Saddam Hussein pursued his "scorched earth" policy even in the face of defeat.

Brigadier General Richard Neal, the US military spokesman, said, "some tank farms are burning...refineries have been shut down with extensive damage. As they exit the area, as they are being engaged, they have still attempted to destroy the infrastructure of Kuwait."

As acrid smoke from the fires cast a pall over the region, specialist firefighting teams from the US and Canada are on standby to fly to the Gulf as soon as the fighting ends.

"We anticipate sending one person over in the next couple of days to go with the military and survey the damage," says Mr Brian Krause, a firefighter from Red Adair, probably the best known well control company which is based in Houston, Texas, and headed by the 76-year-old Mr Adair.

But the complex task of tackling the fires will not begin right away since the firefighting teams need to ship tonnes of equipment out to the region. Mr Krause said that, optimistically, it will take Red Adair two months to freight three to four jumbo jets full of equipment to the Gulf.

Red Adair signed a contract on Sunday with the Kuwaiti government-in-exile which commits the company to fight the well fires for a year at a rate of pay of $40,000 to $50,000 a day. Another Houston company preparing to fly out to the Gulf is Wild Well Control, which has an open-ended contract for its services in Kuwait. Boots & Coots and Cudd Well Control are in the final stages of negotiating agreements.

"It could take two years to put out the well fires as each one tackled could take up to six weeks to put out depending on the amount of damage done. "The key is assessing the damage and you can't do that until everything has cooled off a bit," says Mr Krause, "so it means pumping loads of water in there before anyone can get near the wells."

If any of the valves on the surface of the well are intact, they can be shut off quite easily and the flow of oil stopped, but if the damage is more substantial, the effort to contain the fire becomes more complicated. This is when the firefighters have to blow the fire out with dynamite and try to cap the well.

One of the main drawbacks to tackling the fires will be the lack of water in the country. "The most time-consuming operation will be providing water because each well could need up to 1m barrels," said Mr Krause.

The firefighting teams have equipment to lay pipelines for bringing water from the Gulf and for drilling water wells. "We've spent many hours working with the Kuwaitis since September," said Mr Joe Bowden, president of Wild Well Control, "and they will go in first and start drilling those water wells."

Most of the companies engaged to fight the oil fires will be sending two four-man teams of firefighters. Mr Bowden said 12 of his firefighters would be going to Kuwait and two of them were bomb disposal experts.

Tackling the bombs and booby traps which the Iraqis have placed on the oil wells and facilities will slow the firefighting operation considerably. The firefighters will try to cool the wells with massive amounts of water to allow military bomb disposal experts to set off the mines.

"When you start moving in on these wells, you take it by stages," says Mr Bowden, "you move slowly and keep pumping in more and more water until you can get quite close to the well.

While it will be a difficult job, Red Adair's team which put out the fire after the Piper Alpha explosion in the North Sea, says it will not be as tough as that.

The Kuwait Petroleum Company is eager to restart production from its 1,300 oil wells and is currently ensuring that it has enough expertise on the ground to cope with the operation. But it could be six months before Kuwait can start pumping oil since it will need to repair the pipelines and processing facilities.

Many oil services firms are in negotiations with the KPC on providing equipment and expertise to reconstruct the Kuwaiti oil industry. Mr Chris Holland at Camco Oil Services in Houston said the company had been contacted to provide stockpiles of drill bits for oil drilling.

If oil wells have been damaged below the surface, it would almost be uneconomic to repair them, and the KPC would have to look at drilling new wells. It takes several weeks to drill a new well but months to bring it into production.

Aberdeen's John Wood group, which previously held the contract for maintenance on all of Kuwait's wells says it is in touch with the KPC about going back to the country once the scale of damage has been assessed.

The damage to Kuwait's refineries – the extent of which is still unclear – will take the longest time to repair since refineries are complicated and sophisticated operations. This will hamper Kuwait's return to production and export of refined products which could cause tightness in the world system, particularly if demand increases.

New slick may be fragment of earlier spill

By Juliet Sychrava

A NEW OIL slick identified off the Saudi coast on Sunday is probably a fragment from the giant spillage at the Mina al Ahmadi coastal terminal near Kuwait city earlier this month, diplomatic sources in Saudi Arabia said yesterday.

The slick, moving south around 100km offshore, due east of the Saudi coastal town of Safaniya, near the Kuwait border, was first clearly identified by US pilots yesterday, when it floated into northern Saudi waters.

"It is relatively light, and does not compare with the other slick," said a US diplomatic source. A team of experts, using computer models, was trying to identify exactly where the slick originated.

"It extends over a fairly wide area, it is a smudge in the northern Gulf. But it is perhaps 10,000 barrels, compared with the last, which was around 10m barrels altogether. It is mostly sheen, a bare film of oil," said the source.

Until Sunday, US pilots were unable to have a close look at the slick, which was still in the war zone and fairly far out to sea.

Since the Mina al Ahmadi spill, a number of smaller slicks have been reported, including one near the Mina al Bakar terminal, near the southernmost point of Iraq. It could be a fragment of this slick, US diplomatic sources said yesterday. "If the defences on the coast are ready to deal with the original spill, they should have no problem."

Coastal teams are still dealing with the original slick, which is now close to Abu Ali island, north of Jubail. "I think work is going quite well," a UK diplomatic source in Saudi Arabia said.

War trials pose tough challenge

By Jimmy Burns

ANY prosecution of President Saddam Hussein and Iraqi military officers for war crimes could be fraught with political and administrative difficulties.

Before the land battle for Kuwait started, Iraq already stood accused by the international community on several counts under Geneva and UN conventions.

These included environmental damage, inhumane treatment of allied prisoners of war, and the use of indiscriminate force against civilian populations.

In January the Council of Europe unanimously passed a resolution calling for a war crimes tribunal similar to that set up in Nuremberg and Tokyo after the Second World War.

Since then allied leaders, including US President George Bush and Mr Douglas Hurd, the British foreign secretary, have reminded Baghdad that under international law individuals would be held responsible for the crimes they committed.

Faced with the evidence provided by witnesses of torture, summary executions, and destruction of buildings and oil installations, Kuwaiti exiles have in recent days demanded that a mechanism be set up after the war to judge "grave breaches" of the rules governing war.

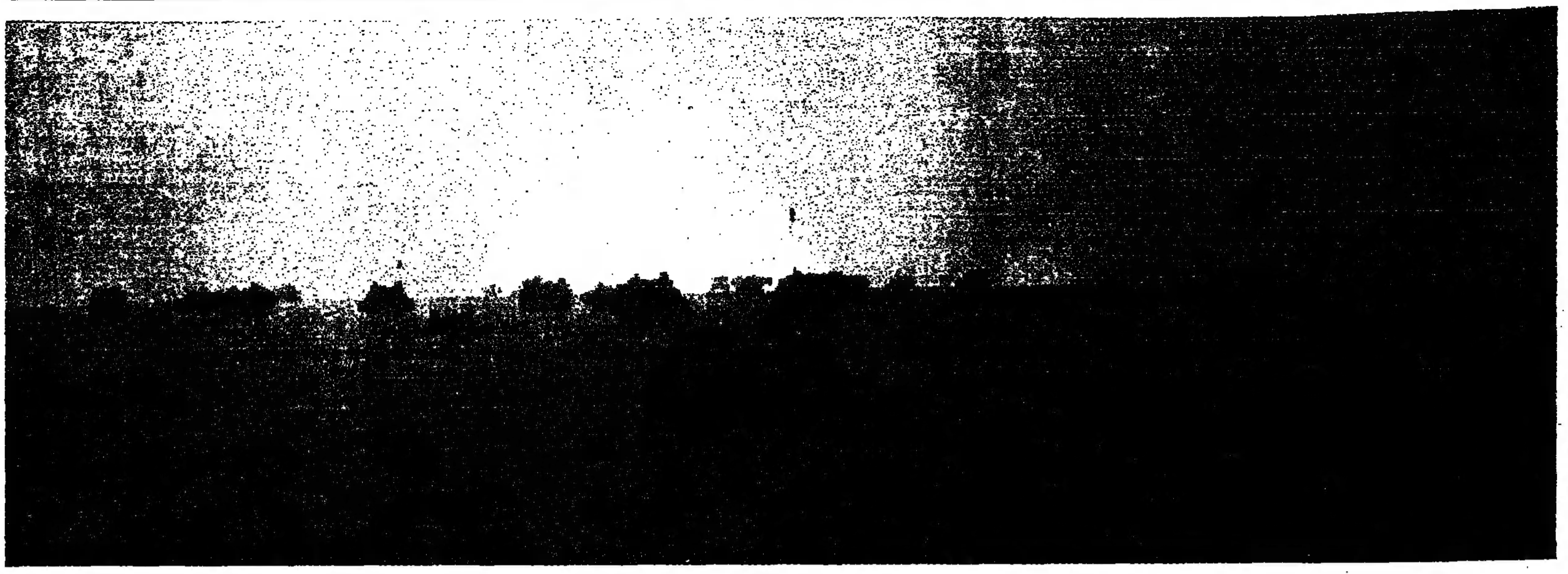
But according to Professor Peter Rowe, of the Faculty of Law at Liverpool University, deciding on a legal mechanism for trying the Iraqis and finding sufficient documentation and evidence against specific individuals would be "very difficult in practice".

There are three likely options for the kind of trial that might take place, says Prof Rowe; a war crimes tribunal similar to Nuremberg, with judges drawn from among the coalition forces, a special United Nations court created by the General Assembly, and an Iraqi court, which would only be possible if the Saddam regime was overthrown.

● The allies last night launched an operation to seize Iraqi military personnel believed to be responsible for atrocities in Kuwait City, Press Association reports.

British military sources stressed the men would not be allowed simply to pack their bags and go.

Iraqi forces fleeing Kuwait will be "filtered" in an attempt to detain those who might be guilty of war crimes.



A ball of fire from a huge explosion on the horizon mimics the rising sun as US Marine armoured vehicles roll across the desert at day break towards Kuwait City

Iraqi forces appear almost completely isolated by three-pronged allied action to cut them off from Baghdad

World's fourth largest army sinks into the sand

By Paul Abrahams and David White

THE IRAQI army, the fourth largest in the world, appeared to be disintegrating last night, as allied forces were poised to enter Kuwait City.

About 21 divisions – representing half of the 500,000 strong Iraqi army in the Kuwaiti theatre – have been destroyed or made ineffective since the start of the ground offensive on Sunday night, according to Brigadier General Richard Neal of the US Marines. Some 400 tanks have been destroyed and more than 30,000 prisoners of war taken.

Most of the Iraqi army was in disorganised retreat, although the allies were still experiencing pockets of stiff resistance, said Gen Neal. He warned the battle was not yet over. Some retreating units were still fighting and the allies had not yet captured any Republican Guard soldiers, he said.

The first stage of allied commander General Norman Schwarzkopf's strategy to cut off the Iraqi army in the Kuwait "theatre" from Baghdad and then kill it seemed virtually complete last night.

The Iraqi army appeared almost completely isolated from the rest of the country last night after the allies finished a vast three-pronged enveloping action which hemmed the Iraqi forces against the sea and the River Euphrates.

Advanced elements of the US-led coalition have already reached the Euphrates, cutting the Iraqis' escape route along the main road leading west from Basra to the Iraqi capital, according to US officials quoted by Reuters.

Crack airborne forces from the US Army XVIII Corps, backed by aircraft and Apache attack helicopters, were reported to be close enough to the river to isolate both the Iraqi army in Kuwait and the elite Republican Guards in southern Iraq.

To the far west, French troops of the Daguet division and 3,000 troops from the 101st American Airborne Division, heading for the town of An Nasiriyah on the Euphrates were reported to have also achieved their mission. The town is where the main Basra-Baghdad road crosses the river.

Meanwhile, nearer the Kuwaiti border, armoured and mechanised units of the US VII Corps, under the command of Lt. Gen. Frederick Franks, are also understood to be in the process of outflanking the seven divisions of Republican Guard in the Kuwaiti area.

As Iraqi troops raced to get out of Kuwait City, the road running north to Basra and then deeper into Iraq appeared to have become a deathtrap rather than an escape route yesterday.

Some American units from the corps are understood to have been engaged elements of the Guard near the Euphrates.

The other main escape route – the road north out of Basra – appeared increasingly perilous for the Iraqis as it was persistently attacked by allied air forces yesterday. All of the bridges in Basra and most along the Euphrates were reported to have been cut to prevent an organised retreat northwards.

Iranian media said the bombing was the heaviest of the six-week war. Huge clouds of smoke blacked out the sky in neighbouring areas of Iran. As Iraqi forces raced to escape from Kuwait City, the road running north to Basra and then deeper into Iraq appeared to have become a deathtrap rather than an escape route yesterday.

American A-6 aircraft from carriers in the Gulf picked off Iraqi vehicles with cluster bombs and other weapons as they streamed north "bumper to bumper". B-52 bombers also dropped 1,000lb bombs on the columns fleeing to safety.

US officials said allied forces would only strike organised units with their equipment and would not attack individuals.

Small groups may well be able to escape without their heavy equipment by moving on foot and in boats through the swamps to the north of the Iraqi army. These have proved fertile hiding grounds for Iraqi deserters and draft dodgers for many years.

Meanwhile, Saudi and US units were reported to have reached the suburbs of Kuwait City along the coastal highway. A Saudi spokesman said casualties among the Arab allies had risen to 13 dead and 43 wounded.

The official Kuwait news agency reported the Iraqi forces had evacuated the rest of Kuwait City and neighbouring regions. It said that the city was clear of Iraqi forces and that resistance leaders claimed to be in control.

Gen Neal said at a military briefing in Riyadh, the Saudi capital, that he could not immediately confirm the report.

At least some Iraqi forces have been trapped in the city, however. Troops in the international airport were reported to have been surrounded since early yesterday morning. Last night, US marines were still engaging concentrations of armoured forces at the airport in what was described as a fierce battle.

Elsewhere, most Iraqi troops seemed disinclined to fight. A US marine explained: "Most of them stuck their arms out of the firing holes and just waved white flags."

Another said: "There's nothing to this. It's like a nature hike. They jump up like squirrels to surrender."

Britain's 1st Armoured Division, taking part in one of the main allied thrusts to the west of the US VII Corps was last night battling against Iraqi tank forces dug into defensive positions near the Iraq/Kuwait border.

The British force, made up of two armoured brigades and flanked by other allied divisions, moved north on Monday afternoon after US forces had cleared a path through Iraqi defensive lines.

The first objective allotted to the British force was to attack elements of an Iraqi tank division, which it didin a two-phase movement to the left of the defending force.

The Scots Dragoon Guards, part of 7th Armoured Brigade, were reported to have destroyed two tank companies with about 40 tanks. Several artillery batteries were overrun. At least 600 prisoners were taken, including a brigade commander. The first 70 prisoners were captured, remarkably, by a detachment of the Royal Signals.

Officials refused to give details of where the engagement was taking place or of the opposing forces. However, theIraqi division was not part of the prime Republican Guard force.

Chemical weapons location unknown

By David White, Defence Correspondent

THE WHEREABOUTS of Iraq's front-line stocks of chemical munitions were yesterday presenting a puzzle to allied commanders.

Iraq's remaining stocks of chemical shells and rockets are thought to have been dispersed among military units, principally within the Kuwaiti theatre.

Defence officials in London said all Iraq's storage bunkers for chemical and biological weapons were now destroyed, as well as production facilities. Some ammunition with what were described as "suspicious markings" had been found but no chemical weapon stocks had been clearly identified, the officials said.

Iraq was believed to have dispersed chemical munitions among front-line units earlier this month in expectation of an allied ground attack.

As well as the chemical warfare facilities, all Iraq's factories making artillery and artillery munitions were now "non-operational", the officials said. It would take Iraq some years to rebuild its production capacity.

Altogether some 25 to 30 per cent of Iraq's weapons production capacity had been destroyed by the allied air campaign, they said.

By the time the land offensive was launched on Sunday, the allies had also eliminated 40 per cent of Iraq's tanks and armoured fighting vehicles in and around Kuwait, and half of its artillery in the region. Sixty per cent of hardened shelters and maintenance facilities were destroyed, they said.

Iraqi engineers were now taking longer to repair command and control networks and some areas had been without communications for several days. Tactical communications within the Kuwait region were presenting the Iraqis with "considerable difficulties", they said.

Although air operations were being concentrated in the battle area, operations were continuing to destroy pontoon bridges set up by the Iraqis and to prevent them from repairing command and control facilities and airfields.

Momentum of advance sweeps diplomacy aside

By David White, Defence Correspondent

THE SHEER momentum of the allied thrust into Iraq and Kuwait is one of the main reasons why the US and other coalition members have refused to be diverted by President Saddam Hussein's inititative to order a withdrawal.

"The situation this week is different from the situation last week," a UK official said, referring to the flurry of diplomatic proposals and counter-proposals before the land offensive began on Sunday.

After the first, "break-in" phase of the offensive, allied troops were now coming into direct contact with Iraqi forces. It was not a time when they could afford to take risks by altering their plans to accommodate Baghdad's policy switch, they said.

It appeared that the allies might be readying themselves to open another flank with a landing by US marines. British minehunting vessels deployed in the northern Gulf were expected to have finished clearing the channels needed for such an operation by the end of yesterday.

Allied ground forces, moving on several axes, were trying to cut off the southern route between Baghdad and the Kuwait "theatre" along the Euphrates river and had destroyed most of the bridges between the capital and the southeastern city of Basra. About 50 road and railway bridges were now unusable.

This, officials said, was aimed initially at cutting off supplies to Iraq's forces in and around Kuwait, but it would also serve to stop Iraqi troops from "escaping too easily".

The allies would try "as far as possible to do some filtering" of Iraqi soldiers moving out of the area in order to pick up those suspected of participating in atrocities in Kuwait, they said.

Despite reports from Kuwaiti officials that large numbers of Iraqi soldiers had started leaving Kuwait City, abandoning their equipment and even helmets, military officials in London said there was no reliable evidence of an organised and general withdrawal.

The officials reported "some evidence" of movement by the Iraqis. Some units were heading away from coalition forces.

US AIRCRAFT swooped on Iraqi forces streaming "bumper to bumper" north from Kuwait City yesterday, picking them off with cluster bombs and other weapons, according pilots on the US aircraft carrier Ranger, Reuter reports in a pooled dispatch from Dhahran.

"It looks like the Iraqis are moving out and we're hitting them hard. It's not going to take too many more days until there's nothing left of them", Captain Ernest Christensen told reporters aboard the carrier.

The pilots said the Iraqis were fleeing north towards the city of Basra in southern Iraq, presenting a bounty of targets for A-6 Intruders and other aircraft. B-52 bombers were also dropping 1,000lb bombs on the highways north of Kuwait City.

"We hit the jackpot," one pilot said. Another likened the road north to Basra to the roads to a Florida town at the annual Easter vacation. "It was the road to Daytona Beach at spring break," he said. "Just bumper to bumper. Spring break's over."

But they added: "It is not clear whether it is voluntary withdrawal or involuntary retreat."

Twenty Iraqi divisions, about half the total deployed in and around Kuwait, were described as being "non-effective" following allied air and land attacks. However, these were almost all infantry divisions in forward positions. Many armoured formations deployed further back had yet to be engaged.

Despite varying levels of resistance by Iraqi forces, it was thought that President Saddam's recent pronouncements must have further damaged troop morale.

Any attempt to withdraw without a ceasefire would mean abandoning the dug-in defensive tactics which were at the heart of any hopes Iraqi commanders may have had of withstanding the allied offensive.

Officers were yesterday reported to have confiscated radios from their men.

UK warship sails close to oilfield inferno

THE BRITISH destroyer Exeter sailed close to an inferno as it escorted the US battleship Missouri in action against Iraqi targets in Kuwait, Reuter reports from HMS Exeter in the Gulf.

Bearing witness to the destruction being wrought in Kuwait by the occupation forces, the ship's video cameras caught the towering inferno of an oil installation set ablaze by the Iraqis on Monday night before they began to pull out.

Men on the bridge reported hearing the sound of an explosion like the sonic boom from a jet aircraft and a television screen flashed images of a wall of flame and black smoke rising hundreds of feet.

The Iraqis had set light to a 100-yard-long oil terminal within miles of where HMS Exeter was sailing.

"There was an initial explosion then one much louder," said radio operator Jim Green. "You could feel the bridge shake."

The fire split into several glowing red beacons as Exeter drew close to the Kuwaiti coast to provide an anti-aircraft shield for the US battleship.

Then, less than 24 hours after another British destroyer shot down an Iraqi Silkworm missile fired at the Missouri, Exeter's own sensors detected enemy missile movement.

As a warning siren blared throughout the ship the crew struggled into anti-flash hoods and gloves. An officer's voice piped through the ship shouted the order: "Hands to action stations, hands to action stations! Missile inbound."

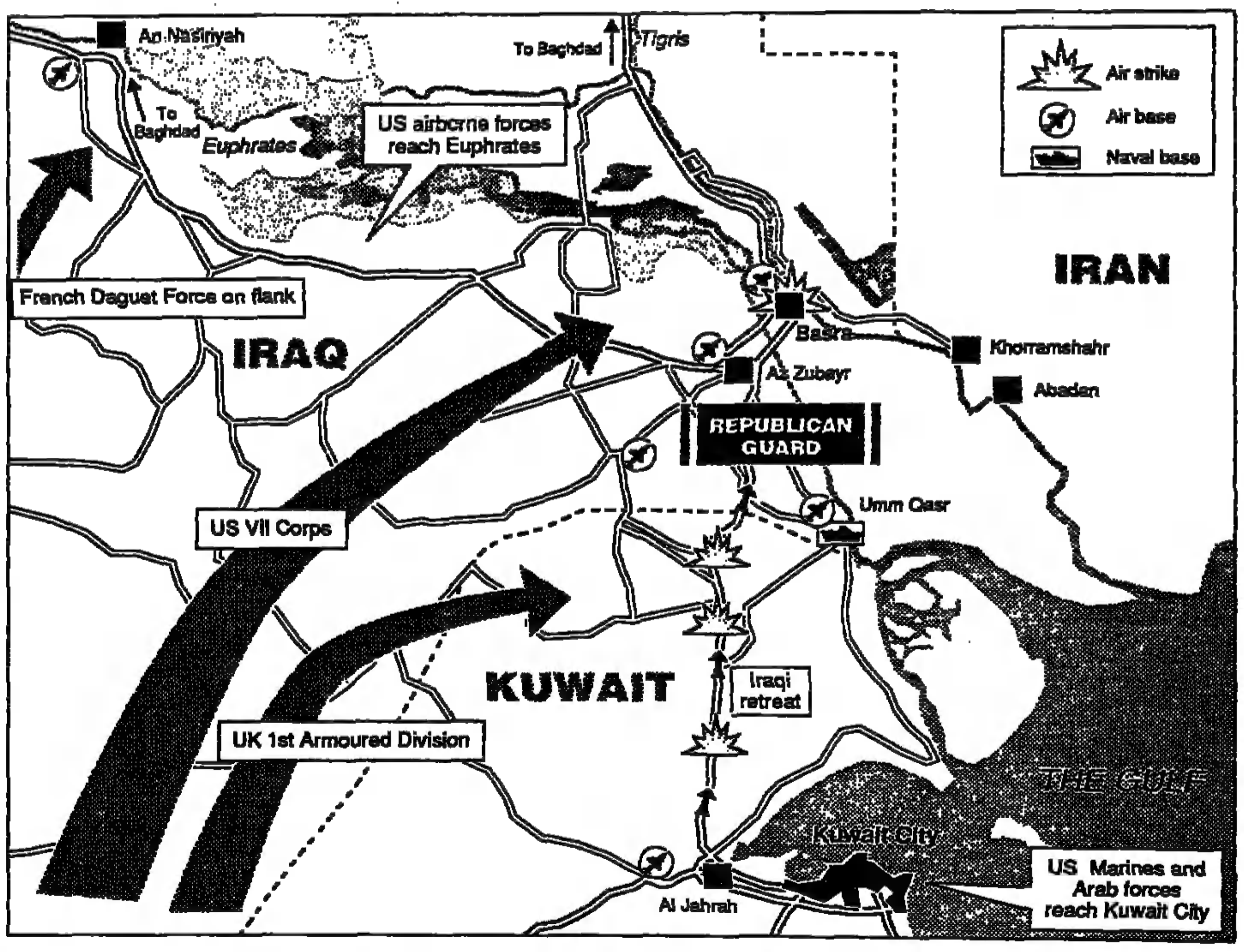
Eyes strained in the dark to detect the tell-tale engine glow of a missile as deck gunners readied their weapons.

Watertight doors were slammed shut and double-locked as reports came in from British ships farther south of a possible gas attack.

Gun crews began to haul on protective suits.

The ship's lookout, 19-year-old mechanic Lee Richardson, was hauled up to the bridge for safety's sake. "If they had to fire the ship's weapons they'd deafen me," he explained.

It seems the missile alarm was an error and slowly things returned to "normal", against a backdrop of lights from the oil blaze, flares, and anti-aircraft fire from the Iraqis.



Retreating troops bequeath an explosive inheritance for generations of Kuwaitis

By Paul Abrahams

JOY GENERATED by the liberation of Kuwait will have a bitter aftertaste. The aftermath of war – mines, unstable ammunition and explosives, booby-traps and possibly chemical shells – could haunt generations of Kuwaitis to come.

The allies estimate that more than 500,000 mines have been laid by the Iraqis in the Kuwait area. The mines have probably killed more coalition forces in action than any other weapon. They have also claimed the lives of Iraqi soldiers crossing their own minefields with the intention of surrendering.

The mines were laid in vast fields with the objective of slowing allied forces and then channeling them into pre-designated killing fields. However, the sustained allied bombing in the weeks before the offensive so ravaged the Iraqi artillery and armour that they were incapable of halting the coalition advance.

Nevertheless, the failure of the minefields has not diminished their destructiveness. Some are up to 40 miles deep and range from anti-tank mines consisting of as much as 20lb of explosives capable of disabling a tank, to small anti-personnel devices devised to blow off a foot.

There are more than two dozen different types of mine laid by the Iraqis of British, Italian, Spanish, Chilean and Soviet design. Some are plastic, making them difficult to detect by conventional methods.

It is so far unclear whether the Iraqis have laid the fields in well-recorded logical patterns which might make clearing easier.

However, even if the mines can be located, it is unlikely whether the fields will be cleared because of the danger involved.

Although the allies have been able to create paths through the fields for their attacking columns, the task of locating, identifying and destroying the mines remains extremely hazardous and may not be worth the effort.

Most have to cleared by hand and a cost-effective method of doing the job at the safety standards required in peace-time has not yet been devised. After the Falklands conflict, two Royal Engineer officers each lost a leg while clearing mines.

The Kuwaitis will also have to pay a continuing price for their liberation through unexploded ordnance. There will be millions of items of ordnance lying in ammunition dumps throughout Kuwait, including chemical shells and bombs which require special handling.

In addition, there are many unexploded shells and bombs littered across the battlefield. According to Mr John Wyatt, a former instructor in mine warfare at the Royal School of Military Engineering, about 10-15 per cent of ordnance fails to explode on impact.

After the conflict in the Falklands, the British Royal Army Ordnance Corps dealt with 3,000 tons of Argentine ammunition comprising some 4.75m items. Mr Wyatt says there are still 3m unexploded items, excluding mines, that have been identified on the islands.

In the end, the highest price may be paid by the Bedouin who will be unable to graze their flocks freely across the Kuwaiti-Saudi border. For them, a way of life may have come to an end.

Red Cross plea over treatment of prisoners

By William Dullforce in Geneva

THE INTERNATIONAL Committee of the Red Cross yesterday appealed to the Iraqi authorities to comply with international humanitarian law concerning allied prisoners of war.

A spokesman for the Swiss organisation which monitors compliance with the Geneva conventions said its delegates had had no contact whatsoever with Kuwaiti or allied prisoners despite repeated requests for information and the right to visit them.

ICRC delegates in Baghdad have been in touch with Iraqi Red Crescent representatives but requests to them for help in identifying POWs have also produced no results.

Last month the ICRC warned the Iraqi government that it would violate the Geneva convention, which it has signed, if it carried out its threat to place some 20 captured allied airmen at strategic sites, which could be subjected to air attack.

In a communiqué yesterday the ICRC reported that it had received no information about PoWs captured by Iraqi forces since the invasion of Kuwait on August 2 and the start of military operations by the allied forces on January 17.

The communiqué called on Iraq to take immediate action to remedy "this serious situation, which constitutes a grave lack of respect of the Third Geneva Convention", establishing how POWs are to be treated.

Visits to Iraqi prisoners captured by the coalition forces were taking place in accordance with the convention but their number had increased considerably and the ICRC was sending extra staff to Saudi Arabia.

According to the spokesman, ICRC delegates had visited 2,564 Iraqi PoWs by yesterday. Confidential reports on how they were being treated would be sent to the Iraqi authorities and to the government of the detaining power. They would not be made public.

PoWs should be repatriated as soon as active hostilities have ceased, according to the Geneva convention. No condition is attached under which a government can make repatriation dependent on the return of its own citizens.

THE GULF WAR

Bush anxious to avoid humiliating Gorbachev and reviving cold war

Soviet peace moves irritate Washington

By Lionel Barber in Washington

PRESIDENT Mikhail Gorbachev's efforts to broker a ceasefire in the Gulf war have been greeted with discomfort verging on outright irritation within the Bush administration.

Despite obvious dissatisfaction with the stream of peace proposals coming out of Moscow, President Bush has avoided public criticism of the kind which would humiliate Mr Gorbachev and revive misleading talk in Washington about a new Cold War.

Instead, Mr Bush has adopted a different ruse. Faced last Friday with a vague eight-point Soviet plan for Iraqi withdrawal from Kuwait, just hours before he was ready to order the allied ground offensive, Mr Bush paid tribute to the Soviet president's efforts – and then ignored them.

The tactic of killing the Soviet proposals with kindness is proving more difficult this week, now that Moscow is applying pressure on the US to call a halt to the rout of the Iraqi army.

Yesterday, Mr Bush dismissed out of hand Iraq's retreat from Kuwait and said the war would continue. He avoided any reference to Soviet diplomacy – or to Mr Gorbachev's ominous warning in Minsk that progress in US/Soviet relations remained "fragile".

This may just be bluster; but no one wants to kick the Soviet leader when he is down. "There is considerable understanding for the domestic and foreign policy pressures on Mr Gorbachev," said one informed official.

The US is prepared, therefore, to *offer Mr Gorbachev room for manoeuvre*. Officials concede that his support for the United Nations resolutions against Iraq – including the authorisation of force to liberate Kuwait – has become a rallying point for hardliners inside the Soviet Union.

Mr Gorbachev already faces conservative criticism that his reformist policies handed the west a strategic gain in eastern Europe: now Iraq, a long-standing Moscow client whose military is Soviet-trained and Soviet-supplied, is being humiliated on the battlefield.

US officials also recognise that the collapse of the Soviet economy and the erosion of Mr Gorbachev's own authority has made it imperative for the Soviet leader to revive his earlier role of international statesman and peace-maker.

Lastly, the delegations of Moslems from the Transcaucasus and central Asia underline the domestic political constraints which Mr Gorbachev faces – in stark contrast to Mr Bush who is *waging a popular war at home with* next to no political opposition.

The administration has therefore sought to stress the core agreement between Washington and Moscow in the Gulf war: the need for Iraq's total, unconditional withdrawal from Kuwait. The weakness in this official, sanitised *view of US/Soviet relations* is that it papers over the two countries' different, competing interests in the Middle East.

Soviet diplomacy is geared to providing a face-saver for President Saddam Hussein. The calculation is that by helping him avoid an overwhelming defeat, the Soviets can reap political gains and influence among countries in the region who may have doubts about Operation Desert Storm: Jordan, Iran, Pakistan, Yemen and, loosely, the Arab masses.

President Bush wants to humiliate Mr Saddam, to the point where the Iraqi people may remove him from power. To this end, the allied battleplan aims to encircle and destroy the *Republican Guard – the elite Iraqi* fighting force and the backbone of the Baathist regime in Baghdad.

By cutting Iraq down to size, the US wants to restore some semblance of stability in the region. The Soviet Union will help shape the post-war order – but on Washington's terms.

Last September, six weeks after Iraq occupied Kuwait, President Bush met President Gorbachev in Helsinki. Mr Bush paid tribute to the Soviet president and talked about a new partnership between the old rivals which could extend to that old theatre of rivalry, the Middle East.

In retrospect, this may have proved the high-point of US-Soviet relations. Mr Eduard Shevardnadze was still foreign minister; arms control talks were proceeding apace; and there was still hope of an economic reform plan in the Soviet Union which would consolidate glasnost and perestroika.

In the intervening months, almost all the trends have turned negative. Mr Shevardnadze has gone. Soviet Black Berets killed pro-independence demonstrators in Lithuania. And according to a confidential CIA assessment now circulating in Washington, "The authority of the central government has declined dramatically. Gorbachev has lost much of his political support, and with it, the ability to control the course of events."

The CIA view complements a bleak estimate by Mr Dick Cheney, US defence secretary. It suggests that the administration is moving towards a reappraisal of US/Soviet relations – of life beyond Mikhail Gorbachev.

Bush's resolve threatens fragile spirit of detente

By Leyla Boulton in Moscow

SOVIET President Mikhail Gorbachev last night warned the US that its handling of the Gulf war could strain the improved relationship between the two superpowers.

He said "a great sense of responsibility" was needed in *order not to destroy what he* called still fragile progress in US-Soviet relations.

At the same time, Moscow was attempting to secure UN backing for a ceasefire in the Gulf.

Moscow's renewed efforts to stop "further bloodshed and destruction" came hours after Iraq's President Saddam Hussein announced he would withdraw his troops on the same day.

Mr Alexander Belonogov, *Soviet deputy foreign minister*, said Moscow believed President Saddam could be trusted to keep his word "in this case".

There was therefore "no real reason" for the western-led coalition to continue hostilities, he told a news conference.

Mr Vitaly Ignatenko, President Gorbachev's spokesman, said Moscow remained determined that Iraq should fulfil all 12 UN resolutions passed after the August 2 invasion of Kuwait, including the payment of war reparations.

He suggested this could be achieved after a ceasefire.

Although there were no guarantees that the US would not veto a Soviet ceasefire resolution, Mr Ignatenko said he believed that Moscow and Washington would work "in agreement" at the Security Council.

Mr Gorbachev, meanwhile, issued his most explicit warning so far that superpower relations could suffer if the US proceeded to impose its own vision of the lasting peace required by the UN mandate.

"It is necessary to settle this [Gulf] conflict and put on the UN agenda the solution of the entire Middle East problem. Without solving it, we shall preserve a powder keg which can blow up the world," Mr Gorbachev told workers during a visit to the Belorussian city of Minsk.

"What has happened in the *Middle East* shows how pressing the issue is."

The Soviet Union has consistently called for an international peace conference to tackle Palestinian grievances and other regional problems.

But the Israeli government has rejected the proposal for a peace conference, and it is not clear how much pressure the US plans to exert on Israel to solve the Palestinian problem once the war is over.

Pravda, the Communist *Party newspaper, earlier this* week accused the US of double standards for failing to show the same sort of determination in enforcing older UN resolutions calling for an Israeli withdrawal from the occupied territories.

Although President Gorbachev did not spell this out, Moscow is also worried that the US, buoyed by the coalition's military successes, may be seeking to remove President Saddam from power and set up a regime more to its liking. Mr Ignatenko said it was up to the Iraqi people to decide what kind of government they wanted.

Meanwhile, Marshal Akhromeyev, President Gorbachev's adviser on military affairs, said that future co-operation with its wayward Arab ally would depend on "what sort of Iraq" emerged from the conflict.

It is unlikely Moscow will take dramatic steps to sway US policy in the near future. But if the US is perceived as overstepping the UN mandate, then the policy of "new thinking" which made Soviet support for the coalition possible in the first place, could suffer.

Yuliy Vorontsov (left), Soviet ambassador to the UN, in deep discussion with his Kuwaiti counterpart, Mohammad Abulhassan

Baghdad 'must accept all 12 resolutions'

By Michael Littlejohns, United Nations Correspondent, in New York

THE FIVE permanent members of the UN Security Council agreed yesterday that any Gulf ceasefire must be accompanied by Iraq's public acceptance of all 12 resolutions adopted by the world body in the seven-month crisis, diplomats said.

The accord, reported following a private conference in the US mission, was seen as a political victory for the Western allies. They rejected an earlier Soviet attempt to have the Council declare a truce in response to President Saddam Hussein's order to his troops to quit Kuwait.

The evacuation was expected to be completed last night.

At a Council meeting that broke up about 3am New York time, Mr Abdul Amir al-Anbari, the Iraqi delegate, argued that the resolutions other than No 660 – which called for Iraq's immediate unconditional withdrawal from Kuwait – had been adopted only because Baghdad failed to respond.

But the US, Britain and France all insisted that compliance with the entire set of resolutions was mandatory and it was simply not enough to accept one text while ignoring the others.

After further consultations among the five permanent members, including China, Mr Yuliy Vorontsov, the Soviet delegate, told reporters that the group had "a common approach, as before" and this would remain "for the future".

What was needed, he said, were "two things at the same time" – a ceasefire and compliance with all of the resolutions.

He did not mention a statement made in Moscow by his predecessor in the UN, Mr Aleksander Belonogov, a deputy foreign minister, that the land offensive should cease because Iraq had proposed no conditions for withdrawing.

Included among the resolutions is one that Mr Thomas Pickering, the US delegate, termed "very much front and centre", that the annexation of Kuwait was null and void. Another called for Iraq to pay reparations for damage done to the tiny emirate.

As the full Council held yet another round of private consultations yesterday, Mr Pickering reported that a large number of members had extreme doubts that Saddam would announce compliance with all the resolutions, publicly and clearly and preferably in writing.

It was "very disturbing" that in getting out of Kuwait he had not dropped Iraqi claims to the country.

Mr Mohammad Abulhassan, the Kuwaiti delegate, rejected *suggestions that the Council* was trying to humiliate the Iraqi leader.

Maintaining the UN body's dignity and credibility was the real issue.

Surrender or defeat only way to end war, Major warns

By Ivo Dawnay, Political Correspondent

MR John Major, the UK prime minister, insisted yesterday *the Gulf war would continue* until Iraqi forces either surrendered or were defeated on the battlefield.

With Downing Street reporting that the élite Republican Guard was all but surrounded, it seemed clear that Britain is quite as determined as the US to see Iraq's crack troops lay down their weapons or be permanently removed as a military threat.

Speaking after officials had conducted lengthy discussions with the White House, Mr Major repeatedly emphasised that President Saddam Hussein was not to be trusted. He told MPs at Commons' question time that the Iraqi leader's broadcast yesterday morning made clear his determination *to launch future attacks on* Kuwait.

The prime minister said that Mr Saddam's reference to Constantinople not falling to the Moslems at the first attempt was "an explicit threat" that he planned to return.

"We have a duty and an obligation to remove that threat using all necessary means," he said.

Earlier, Mr Major told the Commons: "Our first concern has to be the safety and security of our forces.

"That does mean we require all Iraqi forces in the theatre of operations, those occupying and supporting the occupation of Kuwait, to abandon their weapons and equipment and withdraw.

"Until they do so, they will be treated as hostile."

He added: "Saddam Hussein started this war on his terms, he must end it on the terms set out by the UN."

Later, Mr Tom King, the defence secretary, expanded on *the government's hardline* response to the Iraqi promise to withdraw saying that the *allies still had* "no reliable information" that such a retreat was under way.

The government had no confidence that the Iraqi leader could be trusted.

"What we require now is that Saddam Hussein publicly and explicitly accepts all the Security Council resolutions," he said.

The tough British line is thought to have been reached after lengthy talks with Washington and Paris on how to tackle the end of the war.

Mr Douglas Hurd, the foreign secretary, is due to fly to the US capital today for further discussions on how to achieve what appears to be the coalition's primary goal – the elimination of a future Iraqi threat to the region.

Not least, the British are determined that prisoners of war and Kuwaitis believed to have been taken hostage by the Iraqis are released before a full ceasefire is enforced. That has led to speculation that allied troops may stay in southern Iraq to act as a bargaining counter.

Mr King made clear, however, that there was no intention in establishing a permanent presence within Iraqi borders.

There is, none the less, a clear determination that Iraq's defeat should be public and definitive, and that this goal was still far from being achieved.

Mr Major pointed out yesterday that Iraq had launched a Scud missile attack at the same time as he was ordering a withdrawal of his troops. Elimination of the missile threat, officials implied, might also be a requirement before foreign troops were withdrawn from *the region.*

British businesses glimpse some light at end of tunnel

By Neil Buckley

BUSINESSES worst hit by the Gulf war were guardedly optimistic yesterday about prospects now that an end to hostilities seems in sight.

Some conference, marketing and incentive travel companies saw the prospect of a "mini-boom" as clients started to spend a backlog of money from budgets. Most said the effect on business depended on how the war ended and whether the threat of Iraqi-sponsored terrorism was removed.

Airlines, travel agencies, tour operators, hotels and conference organisers have suffered from a dramatic fall in *US business travellers* and tourists venturing across the Atlantic. If Americans decide it is safe to travel again, all stand to gain substantially.

Trusthouse Forte, which has seen bookings in city hotels dropping by up to 15 per cent, hoped to see levels returning to normal with the end of the war. But the company said its provincial hotel bookings had not been affected; it had even seen an increase in reservations at some hotels, as people who normally took holidays abroad decided to stay at home.

"One effect of the war may well be to reintroduce Britain on to the list of holiday destinations for the British," the company said.

At Thomas Cook, the travel agency, leisure bookings have been increasing in the last two days, perhaps reflecting optimism that the Gulf war was coming to an end.

"British tourists are very resilient. I think they were already coming to terms with the terrorist threat and starting to book more holidays anyway," a spokeswoman said.

Thomas Cook expects to see business *travel return to its* pre-war level within a short time, but doubted whether there would be a marked increase.

Mr David Tonnison, managing director of The Marketing Organisation, the market leader in incentive travel, was more optimistic.

"People who control budgets panic when there's an international crisis, and simply stop spending," he said. "Once the crisis is over, they've still got the money to spend."

Mr Tonnison said the war had changed his organisation's mix of client companies, but the overall volume of business had not been affected. He felt, however, that smaller companies involved in incentive travel, corporate hospitality and product launches, without the manpower and resources to deal with the downturn in trade during the Gulf crisis, *might not survive.*

Envoy urges larger role for Japan

JAPAN will be expected to offer more than money to peacekeeping operations in the Gulf after the war, the US ambassador to Tokyo said yesterday, Reuter reports from Tokyo.

Mr Michael Armacost said his government expected a more "visible contribution" from Japan, amid growing expectations that it would assume a larger international role. "As Japan's power has grown, expectations among others that it will play a role commensurate with its economic power has increased," Mr Armacost said.

"We've been asking for a *more visible contribution.*"

Mr Armacost noted that the government of Mr Toshiki Kaifu, the prime minister, was revising a legislative bill to pave the way for Japan's participation in a peacekeeping force in the Gulf and elsewhere.

NEWS IN BRIEF

Belgium pledges aid for France and UK

BELGIUM will give Britain and France \$32.2m (£16.2m) towards the cost of the Gulf war, Mr Hugo Schiltz, budget minister, said yesterday, Reuter reports from Brussels

But the national news agency Belga said the Belgian government had not yet decided how to split the aid between the two countries, which are part of the US-led coalition fighting Iraq.

In reply to a parliamentary question, Mr Schiltz said Belgium's financial contribution to the war might rise if other allied countries asked for aid.

US senator cautious on funds

Senator Robert Byrd, chairman of the US Senate appropriations committee, said yesterday that Congress would examine closely President George Bush's \$15bn (£7.5bn) request for Gulf war financing, to ensure the money is needed, AP-DJ reports from Washington.

The Democrat senator also complained that America's allies were not delivering quickly enough on their promises to support the war effort with funds.

He said legislators wanted to make sure the amounts requested were for the Pentagon's *true war costs* "over and above the amounts already provided for normal peacetime operations".

Mr Byrd said allied countries had delivered only \$14.9bn in cash and services, out of \$53.5bn in aid they had promised. He singled out the United Arab Emirates and Japan as countries which could easily afford to send financial assistance to the US.

Finland offers UN observers

Finland is making preparations to send UN military observers to the Gulf, if the organisation makes such a request, a military official said yesterday, AP reports from Helsinki.

Paris seeks more concessions

France said Iraq's President *Saddam Hussein "has at last decided* to talk seriously" in announcing withdrawal from Kuwait, Reuter reports from Paris.

But a Foreign Ministry spokesman told a briefing that Iraq must comply with "all pertinent UN resolutions" before a ceasefire could be agreed.

Germany agreed that troop withdrawal was not enough and that President Saddam still had to accept all UN resolutions on the Gulf crisis.

Ozal: pipeline of peace proposal

Turkey anxious for place at the peace table

By John Murray Brown in Ankara

TURKEY is throwing its diplomatic weight behind the idea of economic reconstruction in the Gulf, aware that it could be locked out of political settlement because of Arab suspicions.

Despite strong talk by President Turgut Ozal, Turkey's ability to influence any peace settlement will remain limited, given that it has no troops in the coalition force – much to the personal chagrin of the president.

No one seriously believes the Turkish military is poised to open a second front in northern Iraq. The troop deployment to the border is largely a deterrent. Besides there must remain doubt as to whether the generals would support such a move.

None the less Turkey's control of much of the region's water, and its huge electrical power and agricultural potential make it an important player.

Turkey's contractors would also no doubt like a stake in the rebuilding of Iraq and Kuwait.

The government has now made a bold pitch to improve ties with Saudi Arabia, believing it will be Saudi money which will fund the reconstruction. Mr Ozal has floated his own idea for a peace pipeline to channel Turkey's water to Syria and Iraq, the Gulf states, Saudi Arabia and maybe even Israel. In November, Istanbul is due to host an international water conference to settle the region's claims to the Tigris and Euphrates, both of which originate in Turkey.

Egypt, Algeria and more predictably perhaps, Libya have publicly voiced concern at what are perceived as Turkey's expansionist ambitions – one reason for last week's diplomatic shuttle through the region by Mr Kurtcebe Alptemocin, the Turkish foreign minister.

Mr Ozal has done little to dispel Arab fears with his talk of Mosul and Kirkuk, the oil-rich Iraqi provinces to which Turkey has an historical claim. Mr Ozal has also warned that Turkey would not stand by if Syria and Iran tried to exploit the power vacuum. Nor would Turkey countenance any independent Kurdish state in northern Iraq. Turkey, Mr Ozal says, wants a place at the negotiating table.

Foreign ministry officials privately regret some of the president's more robust recent statements. But, by appealing to nationalist sentiment, Mr Ozal clearly hopes to swing public opinion behind his Gulf policies, remembering the strong feelings aroused by the unrest in Turkish speaking Soviet Azerbaijan.

Greece, understandably, is worried that Turkey's influence, particularly with the US will grow following the crisis. Yet at the same time the Greeks are probably only too happy to see Turkey preoccupied with the problems of its southern neighbour.

By allowing the US to use its bases to bomb Iraq, Turkey sent ripples throughout the Arab world. The policy created much unease at home.

President Ozal has lost two defence ministers, a foreign minister and his chief of general staff since the crisis started. For all that polls now show his support growing.

Turkey's dilemma remains, as Mr Alptemocin said in Washington this week, that "Turkey is not a European country. We are part of the region. We are neighbours to Iraq. We've lived together for centuries."

THE GULF WAR

The mythology of Saddam gains strength in Arab world

By Mark Nicholson in Amman

MR SADDAM HUSSEIN'S claim, as he announced the withdrawal of his troops from Kuwait yesterday, that "you have faced the whole world, brave Iraqis, you have won" might have rung hollow in Washington or London, but for Jordanians, and countless other Arabs, the remark chimed precisely with what they perceive to have been his great victory – to have stood up to the west.

There was undeniably a strong sense of shocked betrayal and disappointment among Jordanians yesterday as the scale of Iraq's military retreat filtered slowly through a local media which has been resolutely feeding Baghdad's side of the conflict. But a process of rationalisation, in a land almost inured to political setbacks, began instantly.

For the great majority of Jordanians Mr Saddam's unbending resistance to western demands had always been his greatest claim to Arab heroism. "It was never a question of beating the US, it was simply his will to fight that counted," said Mr George Hawatmeh, editor of the Jordan Times. It only added to the sense of symbolic victory that Mr Saddam had resisted for 40 days – a number rich with religious resonance for Moslems.

Thus yesterday, Jordanians were already beginning to mythologise the leader whom they had lionised from the outset of this confrontation, interpreting his withdrawal from Kuwait as an inevitable bid for sheer physical survival, rather than any kind of political defeat.

"He will lose militarily, I suppose," said Mr Kamel Abu Jaber, head of Jordan University's political faculty. "But he will remain a hero for the next 1,000 years. School children will sing songs about him and mothers will call their sons Saddam."

In Mr Abu Jaber's view, those children will sing about Saddam the defender of Islam, Saddam the leader of the Arab nation, and Saddam the hero of the Palestinians. Mr Saddam's martyrdom, should it come to that, might only enhance his perceived achievements.

"He has become a symbol," said Ms Laila Sharaf, a senator close to the royal palace in Jordan. "Many who did not like his rule in Iraq were nevertheless behind him because he symbolised Arab resistance to the west. He will remain a symbol for that."

But this resistance is not all he has come to symbolise. Ever since his invasion of Kuwait, Mr Saddam has sought to cloak his move in the colours of anti-imperialism, defence of the Palestinians and a bid to unite the Arab and Moslem worlds against the "infidels and atheists".

Whatever the sincerity of Mr Saddam's proclaimed *jihad* – and most Palestinians would agree, for instance, that Iraq certainly did not invade Kuwait for their cause – the fact that the Iraqi president was able to voice longstanding Arab grievances with the west, back this up with force, and then not back down for 40 days, was enough to win Jordanian and other Arab hearts.

For now, though, hearts are all Mr Saddam can claim to have won. His withdrawal was achieved without any formal linkage to the Palestinian issue, for example. His calls for the Arab masses to rise up in revolt against the west, or against Arab leaders who joined the coalition, have also come to nought so far.

However, most Palestinians argue that even if Mr Saddam failed formally to link a solution to the Palestinian issue to his eventual withdrawal, he none the less served to push the question back into the international agenda.

And although that may prove to be snatching a rationalised victory from defeat, Palestinians still argue that in attacking Israel with Scud missiles, he served even in small part to avenge Israeli violence against them. In the mythology of Saddam Hussein, the Scud missile will long remain a central Palestinian icon.

In the view of Ms Sharaf, the Scud attacks also made the political point to Israel that, in the era of modern warfare, the acquisition of territory is no final guarantee of security. Though whether that point would persuade Israel to cede its claims to the West Bank, long seen as a vital bulwark of Israeli security, must be unlikely.

Bu Ms Sharaf argues that Mr Saddam's victories will only become clear in the much longer term. She and others in Amman claim that Mr Saddam's catalysing effect on Arab and Islamic consciousness will leave few Arab regimes unshaken in the next two or three years, whatever the outcome of war.

"We will see that the Arabs who gave their umbrella to the coalition will not get away with it," she said, echoing a belief, which for many here is a fervently proclaimed hope, that Mr Saddam has once again given substance to the idea of one "Arab nation".

Iran accuses Iraq of 'deadly delay' in Kuwait pullout

By Michael Field in Tehran and Our Middle East Staff

IRAN'S government accused Iraq yesterday of a "deadly delay" in deciding to withdraw from Kuwait. Tehran Radio said, while the Iraqi retreat could lead to peace, the apparent American insistence on toppling President Saddam Hussein might deepen the crisis.

President Ali Akbar Hashemi Rafsanjani of Iran spoke of "incorrect calculations of Iraqi leaders and their delay in deciding to pull out of Kuwait" during a meeting with Mr Rajiv Gandhi, India's former prime minister, in Tehran on a Gulf peace mission.

"When (peace) efforts were on the verge of bearing fruit, opportunities were lost one after the other and at every stage the United States and its allies had a suitable excuse to increase the pressure," Mr Rafsanjani said.

It is believed that most of Iran's leaders will be delighted if the allied action results in the destruction of Mr Saddam. They may also be pleased to see their main rival for influence in the Gulf region eliminated as a political and military force.

Set against this is a genuine sympathy for Iraqi soldiers and civilians as brother Moslems and a fear that the war will lead to a long-lasting American and British presence in the region.

Although Iran no longer has obvious political designs on the Arabian states – the broadcast of Islamic revolutionary propaganda to the Shia communities of Bahrain and eastern Saudi Arabia has been much reduced – it has always mattered to the Iranians that they be acknowledged by their Arab neighbours as the leading regional power.

At present, Iranians are in no mood aggressively to assert their claim to a leading role in Gulf affairs. Both the people and, as far as one can tell, the government, have been somewhat over-awed by the speed of the allied victory.

Before the campaign began, the radical Hojatolislam Sadegh Khalkhali, a former judge known for his zeal in executing opponents of the regime, was orchestrating demands by students and members of the parliament for a force of Iranians to fight alongside their Iraqi brothers. No such calls have been heard since January 15.

In the coming weeks it is expected that Tehran will do nothing to offend the US, with which it still has no diplomatic relations, because Iran will want a say in whatever security arrangements are put together in the region after the end of the war.

Although its rhetoric sometimes remains revolutionary, the Iranian government under President Rafsanjani is quietly anxious to rehabilitate itself with the rest of the world, politically and economically.

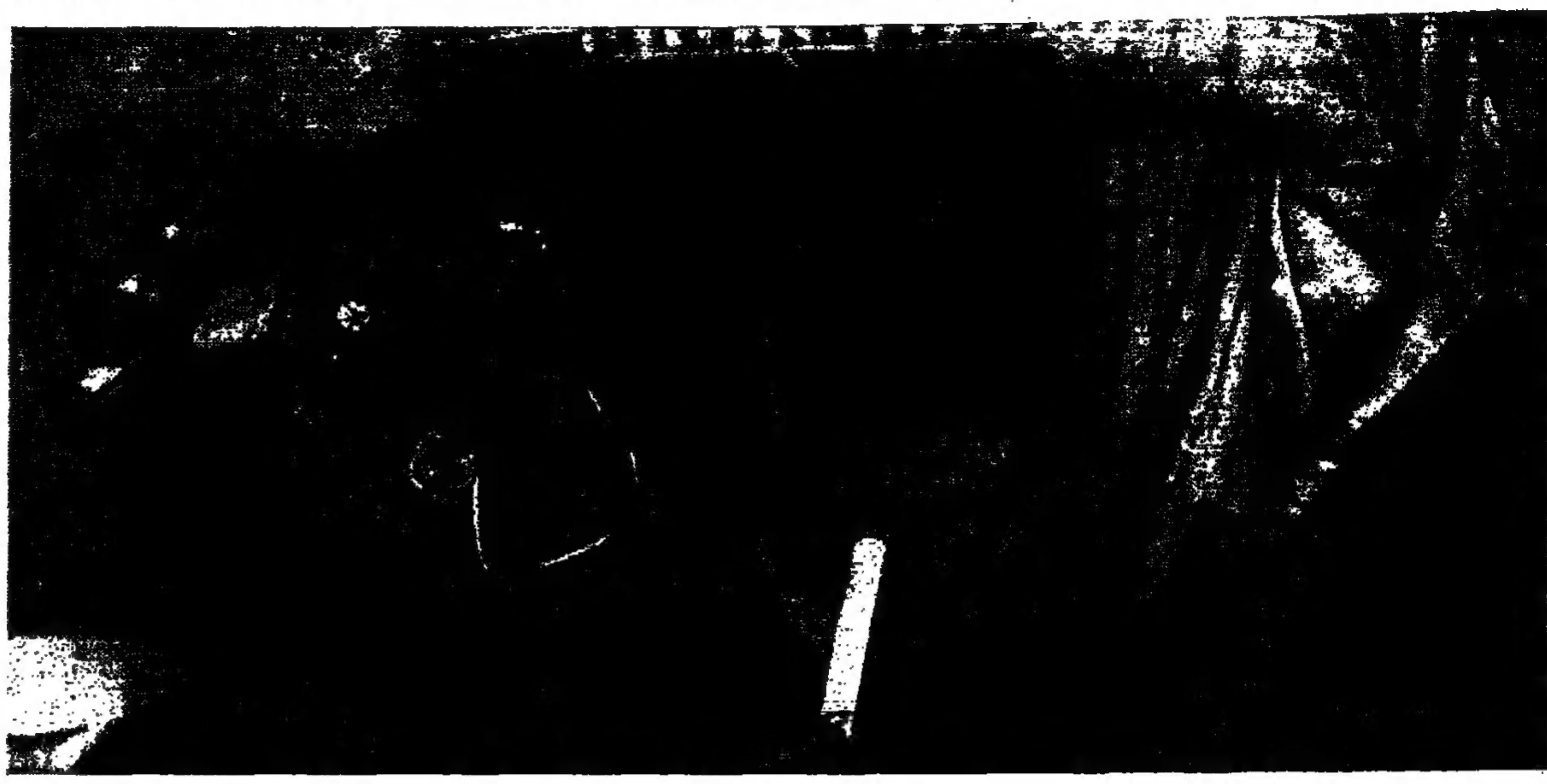
In Cairo yesterday Egyptian students held a third day of protests against the Gulf war and vowed to avenge the death of a colleague in clashes with riot police.

Several hundred students poured off Cairo University campus chanting Egyptian President "Hosni Mubarak you coward, you are an American agent".

The Palestine Liberation Organisation commented that the allies' reaction to the Iraqi offer of withdrawal proved their aims went beyond regaining the emirate.

"The negative reaction of the coalition led by the United States to the withdrawal from Kuwait demonstrates that the objective is really Iraq and not Kuwait," said Mr Abdallah Hourani, a senior PLO member.

Libya also said it would not tolerate allied attacks on Iraq following its acceptance to quit Kuwait.



● An elderly Jordanian listens attentively in Amman yesterday to the statement broadcast on Baghdad Radio of President Saddam Hussein of Iraq that he would withdraw his occupying forces from Kuwait

Israel parties split on post-war policy

By Hugh Carnegy in Jerusalem

ISRAEL'S two main political parties, united by a desire to see Iraq comprehensively defeated in the Gulf war, yesterday aired sharp differences over post-war Israeli policy as they anticipated the end of the conflict.

Leaders of both the hardline Likud Party, which leads the ruling coalition, and the opposition Labour Party supported the tough stance taken by the US yesterday after president Saddam Hussein announced an Iraqi withdrawal from Kuwait.

There is a virtual consensus in Israel, which has been repeatedly attacked by Iraqi Scud missiles during the war, that the US-led alliance should not end hostilities until Iraq is unequivocally defeated. The main concern is to see the Republican Guard, the cutting edge of the Iraqi regime, disarmed and, preferably, Mr Saddam removed.

"Israel sees this as something required for its peace and security," Mr Yitzhak Shamir, the prime minister and leader of the Likud, said yesterday.

Mr Yitzhak Rabin, a former Labour prime minister and defence minister, also said Mr Saddam's announcement was not sufficient. There should be no ceasefire until Iraq had fully complied with all 12 UN resolutions on its occupation of Kuwait, he said.

However this consensus breaks down on the question of what Israel's position should be after the war. Labour is urging the government to be prepared to make concessions on the occupied West Bank and Gaza Strip in exchange for peace agreements with Israel's Arab neighbours. The Likud takes a much tougher line.

Mr Shamir, reiterating his determination not to cede the West Bank and Gaza, said this week the Iraqi attacks showed Israel needed broad territorial margins for its defence. "We shall stand firm and not retreat," he told Likud MPs on Monday night.

Yesterday he told Israel Radio his government was ready to negotiate "with the whole Arab world", but he added: "The Likud believes that there is no need, in order to achieve peace, to give up territories and parts of Israel's map."

This attitude brought him into confrontation yesterday with Mr Shimon Peres, the Labour Party leader, at a meeting of the Foreign Affairs and Defence Committee of the Knesset, according to radio reports.

Mr Peres, an advocate of ceding land for peace, attacked Mr Shamir for blocking past peace efforts and called for new thinking after the war.

The parties' differences were also aired in a radio debate between two MPs, Mr Uzi Landau of the Likud and Mr Uzi Baram of Labour. Mr Landau warned that the real challenge to Israel would come after the war from the "basic assumption" of the US that a settlement of the Israeli-Palestinian conflict was the core issue in establishing a new order of peace in the Middle East.

Mr Baram said such a view ignored what was a "great opportunity" to achieve a far-reaching peace settlement. This would require Israeli concessions, but would yield security in return.

It remains to be seen whether the Gulf conflict, and the shock of the Iraqi missile attacks, have altered the balance in Israeli politics which in recent years has favoured the Likud.

The Likud is confident that public fury over support for president Saddam in the occupied territories and by the Palestine Liberation Organisation will consolidate its position.

Labour's hope that more of the electorate will swing to its view is likely to be weakened by splits within the party over how far to go towards offering full Palestinian independence.

WHAT BUSH SAID

"I have a brief statement to make today. Saddam's most recent speech is an outrage. He is not withdrawing. His defeated forces are retreating. He is trying to claim victory in the midst of a rout. And he is not voluntarily giving up Kuwait. He is trying to save the remnants of power and control in the Middle East by every means possible. And here too, Saddam Hussein will fail.

"Saddam is not interested in peace, but only to regroup and fight another day. And he does not renounce Iraq's claim to Kuwait. To the contrary, he makes clear that Iraq continues to claim Kuwait. Nor is there any evidence of remorse for Iraq's aggression, or any indication that Saddam is prepared to accept the responsibility for the awful consequences of that aggression.

"He still does not accept UN Security Council resolutions, or the coalition terms of February 22nd, including the release of our POWs, all POWs, third-country detainees, and an end to the pathological destruction of Kuwait.

"The coalition will therefore continue to prosecute the war with undiminished intensity. As we announced last night, we will not attack unarmed soldiers in retreat. We have no choice but to consider retreating combat units as a threat, and respond accordingly. Anything else would risk additional United States and coalition casualties.

"The best way to avoid further casualties on both sides is for the Iraqi soldiers to lay down their arms, as nearly 30,000 Iraqis already have. It is time for all Iraqi forces in the theatre of operation, those occupying Kuwait, those supporting the occupation of Kuwait, to lay down their arms. And that will stop the bloodshed.

From the beginning of the air operation nearly six weeks ago, I have said that our efforts are on course and on schedule. This morning I am very pleased to say that coalition efforts are ahead of schedule. The liberation of Kuwait is close at hand. And let me just add that I share the pride of all of the American people in the magnificent, heroic performance of our armed forces. May God bless them and keep them."

SADDAM'S STATEMENT

"THE harvest in the mother of battles has succeeded. After we have harvested what we have harvested, the greater harvest and its yield will be some time in the future, and it will be much greater than what we have at present.

"O valiant Iraqi men, O glorious Iraqi women. Kuwait is part of your country and was carved from it in the past. Circumstances today have willed that it remain in the state in which it will remain after the withdrawal of our struggling forces from it. It hurts you that this should happen.

"The Iraqis will not forget that on August 8, 1990 Kuwait became part of Iraq legally, constitutionally, and actually. They remember and will not forget that it remained throughout this period from 8 August 1990 and until last night, when withdrawal began, and today we will complete withdrawal of our forces, God willing.

"Today certain circumstances made the Iraq Army withdraw as a result of the ramifications which we mentioned, including the combined aggression by 30 countries. Their repugnant siege has been led in evil and aggression by the machine and the criminal entity of America and its major allies.

"Everyone will remember that the gates of Constantinople were not opened before the Moslems at the first attempt. Whatever the suspect parties try, by virtue of the sacrifices and struggle of the Palestinians and Iraqis, Palestine has returned anew to knock at the doors closed on evil.

"Shout for victory, O brothers; shout for your victory and the victory of all honourable people, O Iraqis. You have fought 30 countries, and all the evil and the largest machine of war and destruction in the world that surrounds them.

"You have chosen the path which you have chosen, including the acceptance of the Soviet initiative, but those evildoers persisted in their path and methods, thinking that they can impose their will on their Iraq, as they imagined and hoped. This hope of theirs may remain in their heads, even after we withdraw from Kuwait.

"Therefore, we must be cautious, and our preparedness to fight must remain at the highest level. O you valiant men; you have fought the armies of 30 states and the capabilities of an even greater number of states which supplied them with the means of aggression and support.

UN RESOLUTIONS

● 660: Invasion of Kuwait condemned and Iraqi withdrawal demanded. August 2.

● 661: Trade sanctions imposed except for medicine, and, in humanitarian circumstances, foodstuffs. August 2.

● 662: Iraq's annexation of Kuwait declared null and void. August 9.

● 664: Security Council demanded Iraq allow foreign nationals to leave Iraq and Kuwait and rescind its order to close diplomatic missions in Kuwait. August 18.

● 665: Member states allowed to stop ships in the Gulf to ensure compliance with economic sanctions. August 25.

● 666: Shipment of food to Iraq and Kuwait approved in case of humanitarian need. Sept 13.

● 667: Iraqi raids on French and other diplomatic missions in Kuwait condemned. Sept 16.

● 669: Sanctions committee to report to Security Council on assistance to countries suffering economically from the trade embargo. Sept 24

● 670: Air traffic with Iraq and occupied Kuwait prohibited, except in humanitarian circumstances. Sept 25

● 674: The Council asked states to document evidence of financial losses and human rights violations resulting from the invasion. Oct 29.

● 677: UN Secretary General asked to safeguard a smuggled copy of Kuwait's population register in order to foil attempts by Iraq to repopulate the emirate with Iraqis. Nov 28

● 678: Kuwait's allies authorised to use all necessary means, i.e. the use of force, to uphold and implement resolution 660 etc to restore peace and security in the area if Iraq does not withdraw from Kuwait before 15 January, 1991. Nov 29

Eurocopter gets Brussels go-ahead

By Andrew Hill in Brussels

THE European Commission *yesterday* said that Messerschmitt-Bölkow-Blohm (MBB) of Germany and Aérospatiale, the French state-owned group, could go ahead with the merger of their helicopter divisions, in the first case of a defence deal being examined by the EC's five-month-old merger control task force.

The Commission also said it expected military procurement "eventually to come into line with the requirements of an open internal market".

The Treaty of Rome exempts armaments and defence procurement from EC rules, although ordinary rules on competition do apply.

In the past – for example, in the case of the GEC/Plessey merger and the takeover of MBB by Daimler-Benz – the Commission has tended not to investigate defence-related deals or to concentrate on the implications for civil markets. The Commission is now proposing bringing the defence industry within the remit of the treaty.

Following preliminary examination of the MBB/Aérospatiale case, the Commission said the new holding company, Eurocopter, would not have a significantly stronger position in the French and German markets for military helicopters.

The companies were not potential competitors in each other's national markets, because national procurement "remains the rule in this sector for the time being".

Eurocopter would have a high combined share of the EC civil helicopter business, said the Commission, but this would be offset by competition from other EC and US manufacturers.

Had the EC task force decided the merger was not "compatible with the common market" it would have started a more detailed investigation of the deal.

■ The Commission also cleared Digital Equipment Corporation's proposal to acquire a majority stake in Mannesmann Kienzle, the computer systems subsidiary of Mannesmann of Germany.

OECD says attitude to east Europe hardening

By Anthony Robinson, East Europe Editor

A "sharp deterioration" of market sentiment towards central and eastern Europe has led the international financial community *completely* to change its views of the credit-worthiness of the region, according to the Organisation for Economic Co-operation and Development (OECD).

This had been triggered by the rising level of debt, higher borrowing and uncertainties in the process of moving towards market economies, said the latest edition of "OECD Financial Market Trends".

It noted that private institutions were actively seeking to reduce their exposure and had "no interest in sovereign lending" except to Czechoslovakia and Hungary.

At the same time however, the OECD says private financial institutions are keen to participate. It said debt servicing has become a "serious issue", with Bulgaria suspending payments, the Soviet Union developing large arrears to banks and suppliers, and Poland making repeated requests for debt reductions.

Borrowing requirements would increase in 1991, but the reticence of private lenders implied that official creditors – export credit agencies, international organisations and governments – "will be called upon to bear a much larger share of the financing burden than in the past".

Poland, Hungary and Czechoslovakia should be able meet external financing requirements with increased official funding but the slow reformers, Bulgaria, Romania and the Soviet Union, "may face difficulties" leading to increasing liquidity pressures.

The report expressed special concern for the Soviet Union where "the sharp rise in debt has been accompanied by a virtual collapse of central control over international payments".

It also noted a sharp rise in *short-term claims from $12bn* to $19bn in the year to end-1989 and payment arrears reached $5bn-$6bn by mid-1990. "For all practical purposes the Soviet Union is no longer able to raise funds in the syndicated euro-currency or external bond markets," it said.

In theory Moscow is owed Rs80bn, around $120bn at the official exchange rate from socialist and third world countries but these claims are "of low quality and of little help in easing the current liquidity *problem*" which has been made worse by the withdrawal of "sizeable credits" by western banks.

Polish offer to banks on debt arrears

POLAND has offered to make a crucial first payment on interest arrears to foreign banks, a move that could rescue debt restructuring talks today from a deep rift between commercial creditors, Reuter reports.

Bankers say Poland's chief debt negotiator, *Mr Janusz Sawicki, offered payment on an* estimated $1bn in arrears in a recent letter.

Mr Sawicki also said he was willing to discuss a range of options for reducing and rescheduling *Poland's* $10.5bn bank debt, but stuck firmly to an earlier aim of cutting debt by 80 per cent overall.

Poland is due to resume talks today with a steering committee of its leading foreign bank creditors in Basle.

"Previously they were reluctant to talk about a menu of options. Now they are not enthusiastic, but they are willing to talk about it," said one banker involved in the negotiations. Bankers say Mr Sawicki did not indicate how much interest arrears Poland would pay, or when the payment might come.

But the offer could save the negotiations from an early demise. The committee has been deeply split over whether it should insist on an interest payment before moving ahead with talks.

Poland deferred interest payments on its longer term bank *debt in the fourth quarter of* 1989, and then suspended payments on both bank and government interest last February.

Last year, the bank committee sent a joint letter to Warsaw asking for *half* the arrears to be paid. But not all the banks had agreed to it.

Several banks have been prepared to write off a substantial chunk of Poland's debt, more than other debtors have achieved through buybacks and swaps laid down under the debt reduction plan outlined by US Treasury secretary Nicho*las Brady.*

Poland has argued that recent political and economic reforms make it a special case.

Tension rises as Moscow steps up campaign in South Ossetia

By John Lloyd in Moscow

A HEAD-ON clash between the Soviet government and the *Georgian nationalist* government of President Zviad Gamsakhurdia came closer yesterday as senior *Soviet officials* stepped up their campaign for presidential rule over the troubled region of South Ossetia. This follows six deaths at the weekend in battles between Georgian militia and Ossetian nationalists.

Mr Boris Oleinik, deputy chairman of the Supreme Soviet's Council of Nationalities, blamed the Georgian authorities for stimulating the *inter-ethnic clashes* and said a *national commission* would be sent to the Georgian capital Tbilisi to "negotiate a settlement to the conflict".

At the same time, Mr Gamsakhurdia said he believed that *Mr Mikhail Gorbachev* was "drafting a decree to take over South Ossetia" and warned "we cannot ignore the catastrophic consequences".

The South Ossetian region, in the north of Georgia, has seen continual sporadic fighting since it unilaterally declared itself a republic at the start of the year. The death toll is now claimed to be 33.

Mr Anatoly Lukyanov, the Supreme Soviet chairman, warned last week that if the Georgian authorities did not impose a state of emergency over the whole region by yesterday "the Soviet president has the right to introduce the state of emergency himself".

The Soviet government, meanwhile, continues to protest against foreign interference in the Baltic states. Mr Yuri Gremitskih, a foreign ministry spokesman, attacked a *discussion being held this* week by the Nordic Council of Scandinavian states in Copenhagen. "If this were to happen our co-operation with the Nordic Council and its individual *members would be harmed"*, he warned.

The Nordic leaders yesterday rejected the warning as unacceptable. Iceland's parliament voted earlier this month to establish diplomatic relations with Lithuania, and other Scandinavian countries have shown close support for the Baltic states.

The official news agency Tass yesterday criticised a trip to the Baltic states by a group of US Congressmen earlier this month and said: "It is important for the Soviet-American partnership that US officials should not cross the threshold of what is permissible in inter-state relations."

■ The Soviet parliament yesterday gave preliminary approval to legislation promoting private enterprise, writes Leyla Boulton in Moscow.

The legislation, which sailed *through a first reading with little* opposition, says the government must guarantee private entrepreneurs equal access to raw materials which are monopolised by state enterprises.

It also enables entrepreneurs to hire and fire workers on the basis of labour contracts. But even the bill's proponents admit that the legislation will not achieve much until anti-monopoly and other laws are adopted.

Ukrainian miners to hold strike

MORE than 500,000 miners in the Soviet Ukraine's Donbass coalfield are to stage a 24-hour *strike on Friday to press* demands for a 150 per cent pay increase, trade union leaders said yesterday, Reuter reports from Kiev.

"We can't survive on what we earn and we've given up hope in the government," said Mr Yuri Makari of the strike committee in the mining centre of Donetsk said in a telephone interview. "All we hear is talk. We'll strike on Friday."

The region's miners, whose production is vital to Soviet energy supplies, are demanding their salaries be increased *by 2½ times. Weeks of negotiations* have produced nothing but deadlock.

Mr Makari said the miners would go back to work on Saturday and give the Ukraine republic's government 10 days *to review its position, after* which they would walk out indefinitely.

Ukrainian authorities, who took over the administration of the mines in January, have agreed to a 40 per cent increase as well as other benefits.

The government spokesman, Mr Georgy Kosikh, said the miners' demands were unrealistic in view of the republic's large budget deficit and that they were unlikely to win public support.

The average monthly salary of miners in the region, at Rs500 ($900 at the official exchage rate), is nearly twice that of most Soviet workers.

Miners in coalfields throughout the Soviet Union went on strike in July 1989 to denounce poor housing and erratic food *supplies. They secured a settlement* worth billions of dollars.

Tens of thousands walked out for 24 hours last year, accusing the government of failing to honour the deal.

● Soviet teachers have been offered large pay rises following one-day strikes in Moscow and other cities on Monday. Mr Gennady Yagodin, the head of the state committee for public education, said yesterday that they would get "considerable benefits".

Teachers earn as little as Rb140 a month, almost half the average salary. The teachers have demanded higher pay, fewer pupils per class and better conditions.

US Gatt envoy Warren Lavorell (centre), his deputy Verxa Rufus (left) and Uruguay's Julio Lacarte

US tells Gatt of $257m German Airbus subsidies

By William Dullforce in Geneva

GERMANY has paid out more than $257m since January 1990 to cover exchange rate losses on the sale of Airbus aircraft, the US charges in a letter asking the General Agreement on Tariffs and Trade (Gatt) to adjudicate on its long-running dispute with the European Community over Airbus subsidies.

The German currency subsidy averaged approximately $3.5m on each aircraft delivered by the four-nation European consortium in 1990, according to the US.

Moreover, the US says that the exchange rate insurance scheme, under which Bonn makes its payments, is more extensive than previously announced, having been extended to German component suppliers as well as to the Deutsche Airbus company.

At the request of the EC, Gatt's subsidies code committee has postponed until March 6 the meeting scheduled for tomorrow at which it was to consider the US demand that it set up a disputes panel.

Previously, the EC has challenged the competence of the subsidies committee, arguing that the dispute over Airbus subsidies was a case for Gatt's civil aircraft code.

Subsidies of all kinds to Airbus Industrie from the German, French, British and Span*ish governments totalled more* than $19bn, the US trade representative's office said.

During the talks the Commission offered to drop production subsidies for Airbus aircraft and to limit to 45 per cent governmental support for research and development.

Washington's appeal to Gatt, however, focuses only on the pledge the German government gave to Daimler-Benz, when the industrial group took over Messerschmitt-Bölkow-Blohm in 1989.

Bonn agreed to provide up to DM2.63bn to cover the company from potential exchange rate losses, if the dollar fell below DM1.60. The German *government charges no premiums* for this insurance, which the US claims violates Gatt's subsidies code.

US industry records further weakening in demand

By Peter Riddell, US Editor, in Washington

US INDUSTRY faced a *further* weakening in demand last month, although there are tentative signs that the recession may be bottoming out.

New orders for manufactured durable goods dropped by 0.7 per cent in January because of lower demand for defence equipment and new aircraft, with Boeing's orders well down.

This follows a 2.7 per cent increase in December, which was boosted by a near 53 per cent jump in defence orders before the Gulf war.

This is a smaller drop in overall new orders than the markets had been expecting. Excluding the volatile defence category, orders for durable goods fell 0.1 per cent last month after gaining 0.3 per cent in December.

This points to a further weakening in overall economic activity, but the monthly survey of consumer confidence has picked up *slightly* in February after dropping substantially in January when the war started.

The index published by the Conference Board on the basis of a survey of 5,000 households rose 2.5 percentage points to 57.7, mainly because of an increased level of optimism for the next six months.

Quarterly trade figures published yesterday by the Commerce Department confirm the improvement already shown by the monthly merchandise trade reports.

In the fourth quarter the merchandise deficit fell by just under $1bn to $28.9bn, in spite of the impact of higher oil prices *following* the Gulf crisis.

For 1990 as a whole the deficit declined from $114.9bn to $108.7bn, the lowest annual deficit since 1984. *The deficit* with Japan fell by $7.8bn to $41.9bn and there were also improvements in the balance with Canada and western Europe.

These were only partially offset by an increase in the deficit with oil-producing states of $7.3bn to $24.9bn, the highest level since 1981.

■ Business economists expect a modest level of economic growth to return to the US by mid-year after a shallow recession, a survey indicated yesterday, Reuter reports from Washington.

The majority of the 54 economists who surveyed by the National Association of Business Economists said that they expected the recession to end in the first half of the year.

About 51 per cent said they expected the recession to bottom out in the first quarter while 22 per cent were looking *at the second quarter of the* year. Only 18 per cent of the economists surveyed said that they expected the recession would stretch into the third quarter.

The deficit with China also increased by $4.2bn to $10.4bn, in part reflecting the aftermath of the clampdown and reduced activity following the Tiananmen Square *massacre*.

Colombia to convince US on drug policy

President Gaviria visits Washington with a credibility problem, Sarita Kendall writes

ONE of the main pur*poses* of President César Gaviria's official visit to the United States this week is to expound his drug policy and set up the legal channel to make it work. The government *is concerned* that the invitation to traffickers to surrender without running the risk of extradition is being misinterpreted in some circles as a sell-out.

The context *is important:* after Senator Luis Carlos Galan's murder in August, 1989, the fight against the traffickers brought a new response – in particular the massive car bombing – which was labelled narco-terrorism, and was associated with the "extraditables". According to the government, the legislation is aimed at *stopping narco-terrorism* rather than drug trafficking itself, although once in jail the traffickers are supposed to give up their business.

The legislation, as it stands after two modifying decrees issued while several journalists were held hostage by the extraditables, allows immunity from extradition provided a trafficker gives himself up and confesses to just one crime.

The trafficker also earns a much-reduced sentence. Many of the criticisms of the government's offer are based on the notorious corruption of Colombia's justice system, particularly where drug cases are involved. As one senior government official said, the precedent generates scepticism.

On the one hand is the sheer number of judges killed, investigations abandoned and cases dropped. Specific examples include the release of Jorge Luis Ochoa from jail twice, the absolution of Gilberto Rodrigues Orejuela – reportedly one of the Cali cartel chiefs – by a Colombian court, and the freeing of Gonzalo Mejia, who surrendered in late 1990. More than *three-quarters of the* properties confiscated during the first months of the drug war have also been returned.

On the other hand, the three Ochoa brothers, accused of murder and of smuggling 38 tonnes of cocaine into the US, are now comfortably in jail. The next stage will be a crucial test of the government's policy, for the *brothers could be out in* less than three years, which would be "a mockery of justice" said one judge.

It is doubtful whether the leading extraditable, Pablo Escobar, will surrender, even though it is acknowledged that the decrees have conceded everything traffickers wanted.

Gaviria: his carrot and stick policies have generated scepticism

The police are still after Escobar, and if he is captured, rather than surrendering, extradition can be applied But Escobar apparently believes *his chances of survival* are better on the run than in jail. And he may also be waiting for the assembly's decisions on extradition and the "political treatment", with the right to a pardon, of traffickers.

The extradition question has already been raised in the assembly by Mr Juan Gomez, former mayor of Medellín, and a constitutional ban on the extradition of nationals is likely to be approved. Colombia would then have to renege on extradition clauses contained in treaties with other countries, and the stick element of the carrot and stick policy would be lost.

Mr Jaime Castro, an assembly member belonging to the governing Liberal party, has proposed the progressive decriminalisation and legalisation of all drugs. Mr Castro argues that drug fighting strategies have not produced *results*, and only international tolerance would cut profits, corruption and violence. He does not consider that Colombia should legalise unilaterally, but that the legal ground work for future changes should be written into the new constitution.

Extradition, extremely unpopular among Colombians, has attracted so much attention that the problem of trafficking has slipped into the background. The police say 11.5 tonnes of cocaine have been captured so far this year, triple the monthly rate for 1990. But it is calculated that Colombian cocaine production is already back to the pre-drug war level, after dropping by about 25 per cent last year. Overall, South American output *is known to* have increased.

Experts do not consider the surrender and jailing of drug chiefs will have much effect on trafficking. Although the Medellín cartel's operations are disrupted, the Cali group and others have filled gaps. There are doubts that violence will drop dramatically. The authorities say that narco-terrorism accounted for only about 10 per cent of the 22,000 murders in Colombia last year.

EUROPE IN BRIEF

France's trade deficit narrows

France's trade deficit narrowed sharply last month thanks to a rise in industrial exports, but the good news was overshadowed by an increase in unemployment, William Dawkins reports from Paris.

The January trade shortfall was a seasonally corrected FFr5.8bn ($1.2bn) well down on the revised FFr9.3bn deficit in the previous month, according to provisional *estimates by the customs* service.

At the same time, the number of jobless rose by 0.4 per cent between December and last month, bringing the number *out of work to 2.54m*, or 9.1 per cent of the workforce.

Exports rose from FFr91.1bn in December to FFr101.3bn last month, while imports rose from *FFr100.4bn* to FFr107.2bn over the same period.

Greece guards Albanian border

Greece has sent troops to guard its border with Albania, fearing that threatened political turmoil there will bring a fresh influx of unwanted immigrants, Kerin Hope reports from Athens. Local officials said about 100 Albanians a day were still crossing the border. More than 17,000 have crossed since early January.

According to Greek authorities, about 5,500 were voluntarily repatriated after Albania's communist government agreed that they would not be punished.

Italian business airs discontent

Italian business leaders, warning government policies are leading to recession and causing a brain-drain, have drawn up a plan to save the small and medium industries which drive the country's economy, Reuter reports from Rome.

They say decisive action is needed to head off an exodus of industrial talent to competitor countries.

"We could be looking at a de-industrialisation of the country," said Mr Sergio Pininfarina, president of the employers' federation Confindustria.

Many private forecasters predict overall gross domestic product will grow no more than 1.5 per cent this year *after an estimated 2 per cent* rise in 1990.

Italian industrial output last year was almost flat after growing 2.9 per cent in 1989 and independent forecasts see *little improvement*.

Paris sends in police

France has sent a government minister and more police to its Indian Ocean island of Réunion, after eight people were killed in the worst outbreak of violence in a French territory since 1988, Reuter reports from St Dénis de la Réunion.

Réunion's capital, St Dénis, *has been rocked* by three days of riots sparked by the closure of a popular pirate TV station offering sex and karate films.

Charge carried against minister

Croatia's defence minister and seven others were formally charged by a military prosecutor yesterday with planning an armed rebellion against Yugoslavia, AP reports *from Belgrade.*

An army statement said Mr Martin Spegelj and the other Croatians, including two active army officers, had masterminded planned armed rebellion by importing arms to create an independent Croatian army.

The federal army ordered Croatian authorities and army troops to arrest Mr Spegelj in January but Croatian authorities defied the order.

Environmental accord signed

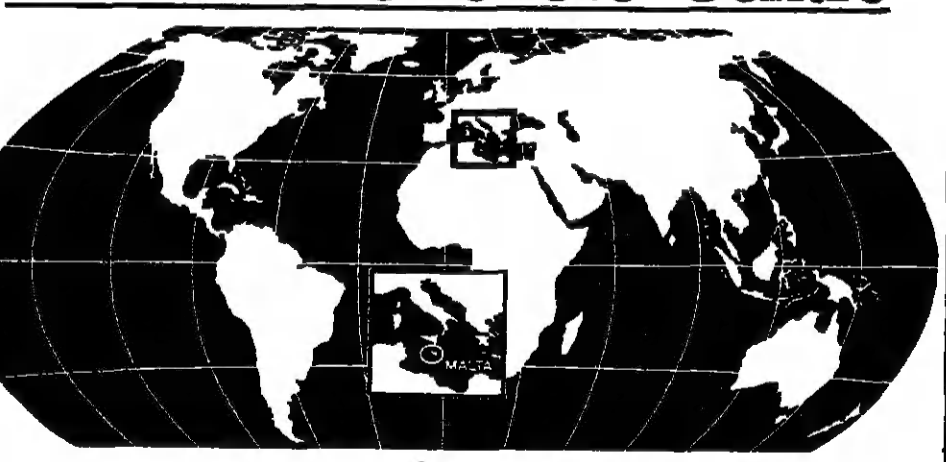
Most European countries plus Canada and the United States signed an agreement to *improve the flow of* information about industrial projects which could have a cross-border impact on the environment, Reuter reports from Helsinki.

The Soviet Union did not sign, but Mr Valentin Sokolovsky, Soviet deputy environment minister, said he was sure it would do so soon. Under the scheme, countries will swap information about planned projects in industry, oil refining, nuclear and conventional power that could have an ecological impact outside their own borders.

Earthquake in Italy recorded

Sweden's Uppsala University said it monitored an earthquake measuring 6.0 on the Richter scale centred in the Tyrrhenian Sea, which lies between Italy, Sardinia and Sicily, Reuter reports from Stockholm.

Former Bulgarian communist leader, Mr Todor Zhivkov, told a packed Sofia courtroom that charges of embezzling Lv26.5m ($4m) in state funds during his 35-year rule were based on "lies and paradoxes." The 79-year old former leader, in court for the second day, is the first East European communist chief to face public trial for alleged crimes committed while in office.



INTERNATIONAL NEWS

Pretoria, Moscow in move to resume ties

SOUTH AFRICA and the Soviet Union yesterday took the first step towards renewing diplomatic relations, severed by Moscow in 1955, by agreeing to set up interest sections in the Austrian embassies in Pretoria and Moscow, Reuter reports from Cape Town.

"It is intended that in the absence of diplomatic and consular relations, current working contacts will be maintained through these interest sections," Mr Pik Botha, South Africa's foreign minister, said.

Bankruptcies in Canada soar 69%

Bankruptcies in Canada, both business and individual, soared 69 per cent in January from a year earlier, and the federal government projects a total of nearly 60,000 for all of 1991, up 8 per cent from 1990, writes Robert Gibbens in Montreal.

The recession's impact hit hardest in January, though interest rates were already beginning to decline. Year-to-year increases in the following months are likely to be much lower, officials said.

Mongolia becomes member of ADB

The Mongolian People's Republic has been admitted as a member of the Asian Development Bank, becoming the ADB's 50th member, the bank said yesterday, writes Greg Hutchinson in Manila.

Membership became effective on February 22 on completion of all formalities, including payment of the first instalment of its subscription to the bank's capital stock. Mongolia has subscribed to 266 shares of capital stock valued at SDR2.6m.

The ADB's authorised capital stock is SDR16.8bn. Mongolia's entry raises the Bank's membership to 50 – 35 from within the region and 15 from outside it.

Sharp rise in HK armed crime

A sharp increase in armed crime in Hong Kong last year brought the number of robberies involving firearms up to 420, nearly 60 per cent more than in 1989. There were 131 bank robberies, 125 per cent more than in 1989, writes John Elliott in Hong Kong.

Annual statistics published yesterday showed that cases of murder and manslaughter rose by 34 per cent, robberies by 24 per cent and car thefts by 43 per cent.

IADB grants $305m to Venezuela

The Inter-American Development Bank (IADB) has granted the government of Venezuela a $305m loan for 20 years with three years of grace, writes Joe Mann in Caracas.

The credit, which includes $5m for technical assistance, is to be used in reforming and streamlining government-owned enterprises. The money will also help finance a large public works programme spanning 1991 and 1992.

The IADB also signed an agreement to loan $80m to the Andean Development Corporation (CAF), a Caracas-based institution owned by the governments of Bolivia, Colombia, Ecuador, Peru and Venezuela. The loan will be used to finance small and middle-sized industrial projects in the Andean region, and to assist in other CAF credit operations.

Hopes rise for Nigeria debt rescheduling

By William Keeling in Lagos

THE PRICE of Nigeria's commercial bank debt on the secondary market has reached its highest level, reflecting optimism on the outcome of rescheduling negotiations under way in London.

Prices have ranged between 37 and 39 cents to the dollar over the past week. A year ago, the debt was fetching 25 cents to $1, and was below 20 cents in 1989.

Lagos bankers attribute the increase to anticipation of an accord between Lagos and the London Club of commercial banks over terms for rescheduling $5.8bn bank debt.

Talks began yesterday and an agreement is expected to include a debt buy-back option. The meeting is due to resume today.

Nigeria also owes $5.5bn in rescheduled promissory notes, attracting a comparable price to commercial bank debt on the secondary market. The notes were issued to cover trade arrears built up in the early 1980s.

Some bankers think Nigeria may extend the terms of a London Club deal to promissory notes.

But there has been concern that the high price of debt on the secondary market would have some adverse affects, especially on Nigeria's debt conversion programme, which provides for transfer of dollar-denominated debt into local currency.

The debt conversion auction last Friday defied many predictions and was hugely over-subscribed, with participants offering higher than usual discounts on their debt.

Successful bidders offered discount rates of up to 54 cents in the dollar, giving an effective exchange rate of Naira 11.3 to the dollar, once bank fees are included.

Bankers report that while this is significantly higher than the prevailing rate at the weekly foreign exchange auction of Naira 9.6 to $1, it is less than the rate being offered by non-government holders of foreign exchange, such as cocoa traders.

Bankers have expressed surprise at the continued high patronage of the debt conversion auction, especially with a turn-around period of up to five months from buying the debt to having naira funds released by the Central Bank.

One banker said: "At the moment, you get a better exchange rate from hard currency than from debt conversion".

The debt conversion programme is designed to attract investment through foreign debt conversion at attractive rates.

Bangladesh votes amid security clampdown

BANGLADESH votes today for a new parliament, in an atmosphere charged with political violence and strong state security, Reazuddin Ahmed reports from Dhaka.

On Monday, some 380,000 soldiers and police began deployment across the country, to guard polling booths against a repetition of the type of violence which has left 15 dead, including a candidate, and more than 2,000 injured in the last six weeks' election build-up.

The elections – the fifth in 17 years – will be held under a caretaker government which was installed after the fall of former president Hossain Mohammed Ershad on December 6 last year. The four previous parliaments survived less than three years on average.

Mr Ershad came to power in 1982 by force, seizing it from an elected government in 1982 by means of a military coup.

Now being held in detention on charges of corruption and abuse of power, the former president is, however, predicted to win at least three of the five seats he is contesting in his home district of Rangpur.

A caretaker government, which has organised today's elections, is hoping that the 62m eligible voters (from a total population of 110m) may be able to ballot without facing the kind of attacks which have so far soured the campaign.

Acting President Shahabuddin Ahmed, who took over from president Ershad on December 6 in the face of a violent opposition campaign, has promised free and impartial elections.

"All I want is that the election should be above question," Mr Ahmed said recently, reaffirming his promise to return to the Supreme Court as chief justice after the polls.

Seventy-nine political parties are contesting the polls, fielding 2,782 candidates, who are standing for 298 seats.

Thirty of those seats are reserved for women, who will be indirectly elected by members of parliament.

Major contenders for power are the Bangladesh Nationalist Party, led by Mrs. Kahleda Zia, and the Bangladesh Awami League led by Sheikha Hasina.

These parties are locked in straight electoral encounters for about 225 seats, though neither is expected to win an outright victory.

Troops are deployed to ensure calm during Bangladeshi elections

The supreme court has stayed the proceedings against Mr Ershad for two weeks after the fallen president failed to appear in court on February 16, due to illness.

His trial will now start after the elections. Mr Ershad's political future depends largely on election results.

Donors pledge Manila $3.3bn

By John Elliott in Hong Kong

INTERNATIONAL aid donors, including the US, Japan and European countries, yesterday pledged the Philippines $3.3bn (£1.66bn) in loans and grants for the current year, during a meeting in Hong Kong of the country's consultative group, organised by the World Bank.

This was significantly higher than the $2.3bn-$2.8bn the Philippines had been expecting. The government told the meeting that by the end of last year all the $3.5bn pledges made at the donors' last meeting in Tokyo in July 1989 had been committed.

Japan is believed to have pledged about $1.5bn of yesterday's total which will mostly be in loans. Mr Jose Cuisia, governor of the Philippines central bank, said he was pleased with the result.

But he warned that some of the 17 countries and six agencies at the meeting had said the Philippines would lose out to other Asian countries if it did not improve its climate for inward industrial investment. They had complained about a supreme court ruling which had prevented a Taiwanese investor changing the site for a large petrochemical complex.

The meeting was backed the Philippines' new economic stabilisation programme, which has been supported by the International Monetary Fund. The IMF agreed last week to provide the Philippines with an 18-month stand-by arrangement of SDR264.2m (£193m) plus external contingency funding of SDR88.1m under its compensatory and contingency financing facility.

Japanese industrial output up

By Ian Rodger in Tokyo

INDUSTRIAL production in Japan rose 1.1 per cent in January from the previous month, according to a preliminary report from the Ministry of International Trade and Industry (Miti).

It was the first month-to-month increase in the seasonally-adjusted figure in three months, and provided support for the authorities' view that the economy, while slowing, was still growing at a satisfactory pace.

Further evidence for this view came from the diffusion index, a basket of leading indicators, in December, which jumped to 55 per cent from 40 per cent in November. It was the first time in three months that it had topped the recession-boom dividing line of 50 per cent, the government's Economic Planning Agency reported.

Also, sales at large retail stores were up a healthy 8.2 per cent in January to Y1,746.4bn (£6.84bn) on a year-on-year basis, because of brisk sales of winter clothing and foods and beverages, according to Miti. In the previous month, they had grown only 6.4 per cent.

Mr Russell Jones of brokers UBS Phillips and Drew in Tokyo, said the figures were "consistent with a slowing economy but not with a collapse".

Argentina's trade surplus up 47% to record $7.9bn

ARGENTINA'S 1990 trade surplus surged to a record $7.9bn (£3.98bn), an increase of 47 per cent over the previous year's surplus of $5.38bn, John Barham reports from Buenos Aires. The surplus is remarkable, given that the austral, Argentina's currency, increased sharply in value in the second half, rising to its highest level in a decade.

The surplus reflects the recession in Argentina, which has choked demand for imports and forced companies to boost exports. Imports fell 5 per cent to $4.01bn, while exports rose 24 per cent to $11.9bn. Much of the exports rise came from agricultural sales, although the US and EC trade policies depressed international farm prices.

Capital goods imports have fallen as investment levels crumbled. Argentina now invests only 9 per cent of its gross domestic product. The outlook for exports this year is more encouraging as the government is trying to force down the austral's value.

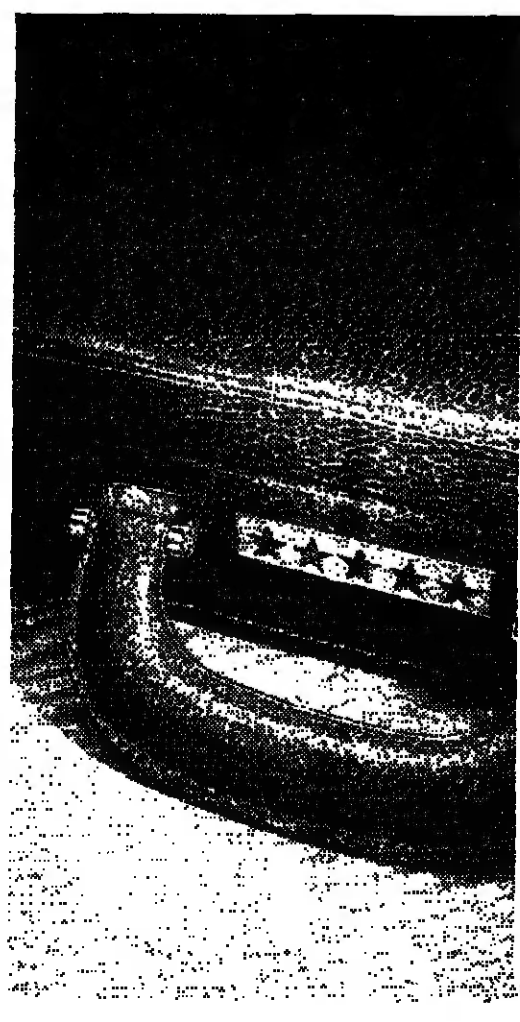
● President Carlos Menem has sworn in another two top officials, after reshuffling his cabinet twice and purging six senior aides since January. The two are Mr Jorge Maiorano, his new legal counsel, and Mr Carlos Arslanian, a justice sub-secretary. In 1985, Mr Arslanian sentenced the chiefs of Argentina's former military juntas to prison for human rights violations.

Chile economy grows by 1.6%

Chile's economy grew 1.6 per cent in 1990, according to central bank preliminary figures yesterday. This is the lowest growth rate since the country pulled out of a steep recession in 1982-83, Leslie Crawford reports from Santiago.

Mr Alejandro Foxley, finance minister, hopes that after a year sacrificed to the fight against inflation, Chile will resume strong growth in 1991. He forecast the economy would grow 4.5 per cent this year and annual inflation fall from 27.3 per cent at the end of 1990 to just under 20 per cent by December 1991.

Monthly inflation rate has dropped to under 1 per cent since November and is expected to be near zero in February, satisfying officials that inflation is under control.



Mexico's GNP grows 3.9% to beat government forecast

By Damian Fraser in Mexico City

MEXICO'S gross national product grew by 3.9 per cent in 1990, much faster than the government's November forecast of 2.5-3 per cent, and the highest growth rate since 1981.

Last year's GNP was pushed up by rapid growth in construction, up 7.7 per cent over the year, and transport and communications, up 6.3 per cent.

The surge in growth of the domestic sector, at a time when the US economy went into recession, increases fears that Mexico will not meet its inflation target of 14 per cent this year, nor its current account forecast of a deficit of $6.1bn (£3.08bn).

The government said the public sector deficit fell to 0.5 per cent of GNP last year, the lowest in Mexico's history. But this includes the one-off effects of a cut in Mexico's foreign debt.

● The presidents of Mexico and Costa Rica said yesterday that their countries plan to set up a free trade zone by 1996.

Autolatina suspends dismissals

AUTOLATINA, the holding company for Ford and Volkswagen in Brazil, has agreed to suspend planned dismissals of 5,110 workers, after pressure from government and unions, Christina Lamb reports from Rio de Janeiro.

The dismissals, announced last week and due to falling sales, provoked a national outcry because of the likely effect on other sectors. Metalworkers at Autolatina plants have been on strike for the past week.

The unions claim the decision to delay the dismissals until March 20 as a "victory for the workers". They have put forward proposals to introduce, instead, a shorter working week. But Mr Domicio dos Santos, Autolatina's director for labour relations, said yesterday the company was sticking to its plan to shed 5,000 workers.

● Brazil's labour problems intensified yesterday with the start of a national strike by oil and petroleum workers. Around half the country's 51,000 workers are striking for a 161 per cent pay rise, with others still to vote.

Speculation mounts over 'khaki' general election

By Philip Stephens, Political Editor

THE ROUT of Iraqi troops in Kuwait yesterday fuelled speculation at Westminster that Mr John Major, the prime minister, could opt to call a general election this summer.

Ministers and officials of the ruling Conservative party remain cautious about the prospects for an early poll, warning that the surge in the popularity of the government and prime minister as a result of the Gulf conflict could be short-lived. They also cite Mr Major's instinctive caution and the expectation of sharp rises in unemployment over the next few months.

They acknowledge, however, that a strong showing in the opinion polls over the next few weeks could bring intense pressure from some Tory MPs for a snap election. Mr Chris Patten, the Conservative party chairman, plans to produce a draft of the election manifesto by the end of next month.

He will collaborate closely with Mrs Sarah Hogg, the head of the Downing Street policy unit, to refine the ideas of the dozen groups of ministers, MPs and outside experts which have been working on the manifesto since the start of the year.

Ministers believe that taken in isolation the economic outlook would point to a 1992 general election, with inflation and, more importantly, mortgage rates expected to fall steeply by the early months of 1992. Treasury economists share the optimism of City forecasters who are predicting an inflation rate of below 4 per cent in a year's time. That in turn suggests mortgage rates of 10 per cent or lower.

Many Tory MPs, however, are arguing that if Mr Major's popularity remains strong, then the government should seek to capitalise on his leadership "honeymoon" and the Gulf effect by opting for a June poll. They expect mortgage rates to fall at least by 1 and probably by 2 points in the next three months.

The case for a June poll was reinforced by a new opinion survey published yesterday by Gallup in collaboration with Dod's Publishing and Research. The survey suggests that consumer confidence has fallen to the level of the early 1980s and is unlikely over the next 16 months to recover to the levels seen at the last general election in 1987.

It concludes that on the basis of past relationships, the government's standing in the opinion polls should now be 35.5 per cent. But its actual standing is 44 per cent, with the additional 8.5 per cent accounted for by the Gulf and the impact of Mr Major. Gallup predicts that this "halo" effect should last until June.

Ministers believe, however, that a "khaki" election fought on the back of the Gulf victory could backfire, with previous experiencing suggesting that during the campaign the focus could swiftly return to issues like the economy and the poll tax. They insist that Mr Major would opt for June – the most likely dates are June 6 and 13 – only if he secured a sweeping victory in the May 2 local elections.

Opposition toughens its position on terrorism

By Ivo Dawnay, Political Correspondent

MR ROY Hattersley, the opposition Labour party's spokesman on home affairs, yesterday held out an olive branch to the government over controversial anti-terrorist legislation. Mr Hattersley has offered cross-party talks to review the Prevention of Terrorism Act.

The call comes amid heightened awareness of the terrorist threat after recent the bombings at Paddington and Victoria stations in London and the mortar attack on the War Cabinet at 10 Downing Street.

The Labour party has opposed the anti-terrorist legislation since its introduction in 1984 on the grounds that elements in the law unnecessarily curtail human rights.

But with a general election imminent, the party's leadership is clearly anxious to be seen as conciliatory.

By calling for an all-party accord with the government, it hopes to defuse the perennial Tory claim that Labour is "soft on terrorism".

Recent bomb attacks and the declaration this week by the Director of Public Prosecutions that the conviction of the so-called Birmingham Six is now regarded as "unsafe" have once again brought anti-terrorism provisions under the spotlight.

On Monday, the House of Commons is due to debate the annual report by Lord Colville QC, the independent government watchdog charged with monitoring the workings of the act.

The coincidence of the debate and the widely expected release of the six prisoners – accused of the Birmingham pub bombings of 1974 – has given the Labour party an opportunity to offer a compromise agreement.

Such a compromise is aimed at taking the issue out of the realm of party-political conflict.

Labour's long-standing objections to the current act centre on three provisions.

These are: exclusion orders used to force suspects to leave mainland Britain, often for Ulster; financial regulations intended to cut off funds to the Provisional Irish Republican Army; and clauses that allow the detention of suspects without charge for up to seven days – three longer than those allowed for criminal cases.

In a speech in Birmingham yesterday, Mr Hattersley called on the government to listen to Labour's alternative proposals.

"All we ask is that the government will not close its mind to what we have to say," he said.

Few believe, however, that the government is likely to give any ground.

Nonetheless, Mr Hattersley's public bid for a compromise will allow Labour to defend itself from claims of "softness" by countering that the government has refused to discuss the issue.

MANUFACTURING SECTOR

Wage settlements drop sharply

By Michael Smith, Labour Correspondent

PAY DEALS in the manufacturing sector are showing their biggest quarterly fall in four years as companies take action to contain costs in the recession, the Confederation of British Industry (CBI) said yesterday.

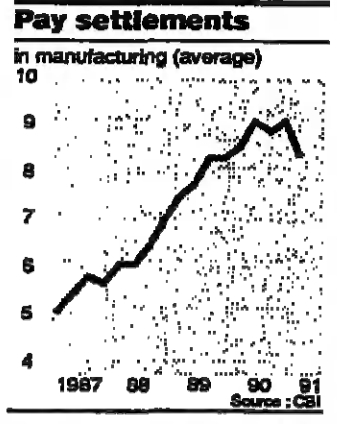
Settlements reported this year to the pay databank of the CBI, the employers' organisation, average 8.3 per cent. This is lower than both the 8.5 per cent for the comparable period last year and the 9 per cent for the final quarter of 1990.

The CBI report coincided with the disclosure of a pay deal at Tesco, the supermarket chain, which estimates that it will increase the pay bill by between 13 and 14 per cent overall, and which will gives rises of up to 17.7 per cent.

The agreement, which includes productivity improvements, follows a job evaluation scheme of the type many retailers have conducted to protect themselves against equal pay claims from women.

The CBI, in its quarterly employment affairs report, says one in 10 manufacturers are either delaying increases or implementing them in stages. A "significant number" of com-

Pay settlements
in manufacturing (average)

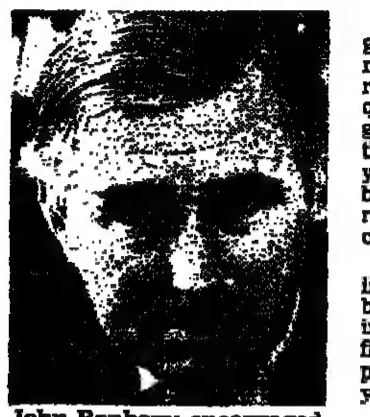


panies are not making any award at the normal anniversary date for a pay settlement.

Mr John Banham, CBI director general, said the figures confirmed that tough trading conditions meant companies had to contain cost increases.

"With jobs and markets at stake, it is in everybody's interests to accept lower settlements – and in some cases... temporary freezes. The evidence suggests that more and more companies are recognising this."

The fall in the average level


John Banham: encouraged

of manufacturing pay deals between the fourth quarter of 1990 and the first quarter of this year, if confirmed, would only be the third quarterly decline in the past four years.

At 0.7 percentage points, it is significantly sharper than the previous falls, both of 0.2 percentage points.

The CBI says the trend to lower settlements had already taken hold in the second half in private sector services, moving to 8.9 per cent from the 9.2 per cent in the comparable period of 1989.

Reports about productivity growth provide conflicting signals. Manufacturing companies reporting pay deals in the first quarter expect productivity growth to be 4 per cent. That is the lowest expectation for four years, 1.7 percentage points below the next lowest figure, reported for the final quarter of 1990.

The CBI, however, says falls in productivity growth may be bottoming out, as reported increases of 3.7 per cent in the first quarter of this year compares with 3.6 per cent in last year's fourth quarter.

In addition, the gap between manufacturing settlements and productivity movements during the previous 12 months has narrowed from 6 percentage points in the fourth quarter of last year to 4.5 points now.

"This holds out the prospect of unit labour cost performance moving nearer to what is needed to protect competitiveness," according to Mr Banham.

The CBI's pay databank draws from settlements reported annually by 1,470 companies of differing sizes in different sectors.

Extra money allocated for long-term jobless

By Emma Tucker

THE GOVERNMENT yesterday signalled a reversal in its strategy towards rising unemployment by announcing an extra £120m in the next financial year to help the long-term unemployed find jobs.

Mr Michael Howard, the employment secretary, said in the House of Commons that the money would ensure that Employment Training (ET) – the scheme for the long-term unemployed – "could continue to play its full part in helping unemployed people back to work".

The money would go to the Training and Enterprise Councils in England and Wales and the Scottish Enterprise and Highlands and Island Enterprise.

Earlier this month the government confirmed there would be 30 per cent cuts in public expenditure on training programmes for the adult unemployed. It was announced then that spending on ET would fall in cash terms from £1.062m in 1990/91 to £757m in 1991/1992.

Mr Tony Blair, the opposition Labour party's employment spokesman, said the £120m was less that one-third of the amount being cut from the department of employment's budget next year. There were still thousands of training places at risk because of the cutbacks, and training centres and programmes were being closed, he said.

"This government, having created unemployment, is now abandoning the unemployed," Mr Blair added.

Mr Howard responded to criticism from the opposition of rising unemployment by insisting that there were more people in work than ever before.

EDUCATION FUNDING

Latest government grants class Britain's universities into unofficial 'pecking order'

By Richard Evans

AN UNOFFICIAL "pecking order" of favoured British universities where the number of students will increase by twice the national average was revealed yesterday in details of next year's government grant published by the Universities Funding Council.

The criteria used in making the allocations for 1991-92 include assessments of teaching quality, innovative courses including those designed to expand access to higher education, high research ratings, and demand from employers for graduates.

Within the total allocation of £1.35bn in government grant for the next academic year, there are substantial differences in grants to universities regarded as successful and efficient, and the remainder.

Among universities that gain most from the council's allocations are Bristol, Reading, Warwick, Sheffield and Newcastle, which win big cash increases to enable them to increase student numbers.


Kenneth Clarke: still seeking efficiency savings

Oxford and Cambridge universities also do well. Some universities would have faced cuts in funded places or a very low increase in resources but for the operation of a safety net.

The institutions that have won special help by having their funded student numbers increased are Aston, City University, London Business School, Loughborough, Manchester Business School and Salford.

Within London University, five colleges – Goldsmiths', King's, Queen Mary and Westfield, Royal Holloway and Beford New College, and the London School of Economics – have also had their funded student numbers increased.

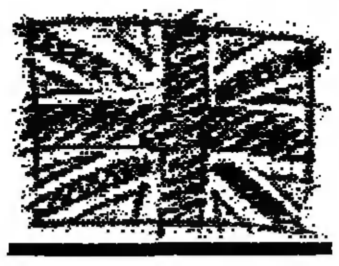
The 52 universities and colleges in Britain had asked for a total of 335,000 student places in 1991-92, but the council is to fund only 303,700. However, this represents an increase of 7 per cent on the numbers funded through all government grants this year, and the council expects universities to take in extra students without government grant.

Mr Kenneth Clarke, education secretary, has called on the universities to make further efficiency savings, and the council has assumed an efficiency gain of 1.5 per cent compared with the current financial year.

Mr Clarke has held back £22m in grant until the current pay negotiations on academic salaries are concluded. The funding figures assume that this money will be released before the start of the academic year.

Provisional allocations of student funding for the remaining three years of the current planning period, until 1994-95, will be announced next month.

BRITAIN IN BRIEF



Eurotunnel group wins $389m loan

The EC executive Commission has granted a $389m loan to the Franco-British project digging a tunnel under the English Channel.

The loan will be given to the partners in the Eurotunnel group, Eurotunnel Finance of France and Eurotunnel Finance of Britain, to buy steel.

The amount corresponds to the cost of EC steel being used in parts of the project, including linkage of the main rail tunnel with a service tunnel, purchase of rolling stock and construction of terminals in France and Britain.

Centre party looks to Europe

The Liberal Democrats, Britain's centrist party, have set European integration alongside electoral reform as an "indispensable foundation" for election manifesto.

Mr Paddy Ashdown, Liberal Democrat leader, explicitly acknowledged that his party was trying to shape its agenda for well beyond the next election when he launched the document entitled Shaping Tomorrow, Starting Today.

Commitments included a stronger competition policy and a pledge to increase income tax, if necessary, to fund education improvements. The party also supports an the idea of an independent central bank.

Scotch distillers protest at tax

Scotch whisky distillers have protested about "heavy tax discrimination" against them.

The duty on a standard measure of Scotch is almost 20p, nearly twice as much as the tax on a glass of wine or a half pint of beer, the Scotch Whisky Association said in its pre-Budget message to Mr Norman Lamont, the chancellor of the exchequer.

Private sector coal grouping

A new organisation grouping private UK coal producers has been formed.

The Confederation of UK Coal Producers, or Coalpro, has 27 member companies from the private sector, which produces about 20m tonnes of the 95m tonnes of coal mined in Britain each year.

Mr David Heathcote-Amory, undersecretary of state for energy, said Coalpro would provide a useful channel of communication between his department and the industry.

Inland Revenue accused on tax

The Inland Revenue has been accused by a German bank in the High Court of breaking national and EC law by refusing to pay £5m in respect of interest on overpaid corporation tax.

Commerzbank claimed it was entitled to a "repayment supplement" – a sum payable to companies resident in the UK when there has been overpayment of tax.

Campaign fund for tourism

A £1.6m campaign to fight the UK holiday industry slump caused by the Gulf war and the recession has been announced by the government.

Tourism minister Viscount Ullswater, speaking in London at the British Institute of Innkeeping awards, said: "I am well aware of the difficulties faced by the tourism industry in the UK.


Viscount Ullswater: launched campaign

"The slowdown of the world economy is aggravated by the situation in the Gulf. Terrorist outrages do not help."

Half the money will be spent persuading Britons to holiday in the UK, with the rest promoting Britain as a holiday destination for foreigners.

Rail travellers' help expected

Passengers on the London Underground will be expected to help evacuate trains in an emergency because of staff cutbacks, the Rail, Maritime and Transport union has said.

Drivers have been told that in the event of a fire they should ask a passenger to help evacuate the train.

Mr Jimmy Knapp, general secretary of the union, said:


Knapp: says passenger safety is at risk

"At a time when the need for the highest standards of security and safety has never been greater, it is bordering on the criminal to increase risk to passengers, particularly when the justification for it is cost-saving."

Visa launches new debit card

Visa International, the plastic cards payment system, has launched Delta, a new debit card symbol.

The symbol will be put on all Visa debit cards in the UK, enabling them to be distinguished from the Visa Classic credit card branding. Unlike credit cards, debit cards deduct payment from the holder's bank account in two or three days.

Former seamen's leader cleared

Seafarers' leaders have cleared the former general secretary of the National Union of Seamen of agreeing a no-strike deal with Cunard, the shipping company, in return for payments to the union.

It had been alleged that Mr Sam McCluskie had entered talks with Cunard with the aim of guaranteeing normal work on three ships, including the QE2. According to a draft agreement, Cunard would have paid the union £80,000 a year as part of the deal.

Neals Yard, (above) the wholefood retailer in London's Covent Garden, has succumbed to trading difficulties and been placed in the hands of the receivers. The company's flagship shop, part of the Neals Yard complex, had become a mecca for the cognoscenti, be it of organic muesli in the wholefood shop, brown flour pizza in the take-away restaurant, herbal teas and essential oils in the apothecary or shiatsu massage in the therapy rooms. Only the shop is affected by the receivership, but together they combined to give an aura of the complete "alternative" society.

Mr Philip Wallace, the joint administrative receiver from KPMG Peat Marwick, said he had received over 100 expressions of interest in buying the company, which has annual sales of £2.2m. It made a small loss last year.

Brussels may support European news rival to CNN

By Andrew Jack


Peter Lloyd: believes that inevitable caution has led to only 'sedate progress' in UK cable connections

FT CONFERENCE

CABLE TV & SATELLITE BROADCASTING

THE European Commission might consider supporting a European news channel and offering incentives to encourage independent producers' work, an EC official told an FT conference in London yesterday.

Mr Jean Dondelinger, a member of the Audio Visual Commission of the EC, outlined possible "encouragement for a European equivalent of CNN [the US Cable News Network]", funded through the Commission's Media 1991-95 action programme.

Mr Dondelinger, speaking at the conference on cable television and satellite broadcasting, said: "There is a lot of regulation and in many areas there is more regulation ahead".

Laws being considered include measures dealing with copyright, competition and media ownership designed to "strengthen Europe's audio visual capacity".

Mr William Roedy, managing director and chief executive of MTV Europe, said cultural and language difficulties and varied laws and technical standards made the idea of satellite television in Europe look extremely daunting.

But he said MTV, with its stress on being a European company and its tight focus on the European market meant that it might be profitable by the end of this year.

Mr Alexander Gelderman, director, Pierson, Heldring and Pierson, a Dutch merchant bank which finances television production, said he believed there would be no decline in television advertising in Europe.

He said commercial television would create more advertising income. But he warned that it would become "increasingly difficult for independent producers and production companies to obtain the money they need."

Meanwhile, Sir Donald Maitland, the former deputy chairman of the Independent Broadcasting Authority, who chaired the conference, said the three UK broadcasting regulatory bodies were causing confusion, and raised fears of litigation and declining quality within the industry.

Mr Peter Lloyd, the parliamentary undersecretary of state at the Home Office, however, said he felt the Broadcasting Complaints Commission would have fulfilled a very good role by helping focus public comments.

Referring to the growth of cable television in the UK, he said that the cable industry had made only "sedate progress" with connections to 16.6 per cent of households in the 135 franchise areas of the UK.

He blamed the slow level of connections on the "inevitable caution" of both consumers and suppliers to invest in a new industry.

"Bureaucrats and politicians should not allow themselves to be carried away on a flood of enthusiasm for a particular technology," he said.

Mr Gary Davey, deputy managing director of British Sky Broadcasting, the satellite station formed when Sky and BSB merged last year, said he believed his company and many other satellite services could survive "providing we maintain today's current levels of statutory commons sense in all areas of cost."

BSkyB was planning an advertising campaign to begin in late March worth "a number of millions of pounds".

The company would broadcast the same five channels on both its Marco Polo and Astra satellites. Eurosport Channel, designed to cover sport across Europe, was likely to be abandoned, he said.

He added that he was excited by projections showing that BSB will have reached between 8m and 10m homes by 1995.

Dr Pierre Meyrat, director general of Société Européen des Satellites, said: "Much of the development of satellite distribution of television in Europe has so far been driven by technological criteria and political imperatives, not by market forces.

The Astra 1A and 1B systems due to be launched on Friday were a long term economically viable and market oriented systems, he said.

Later, Mr Greg Dyke, the managing director of London Weekend Television warned that the current television franchise round could be disastrous for the TV industry.

Mr Dyke said bidders for the franchise to operate one of the UK's independent television channels had no firm knowledge of either the state of the UK economy in the 1990s or what the competition from the BBC, Channels 4 and 5, and satellite cable TV would be like.

"This process is absurd for both incumbents and outsiders bidders alike," he said.

Mr Dyke also warned that there was a danger that the franchises would go to which ever company had the most optimistic view, which could lead to a serious decline in the quality of programming.

"This round [of bidding] could turnout to be a lottery," he said. The conference continues today.

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Now, after a conclusive shareholder vote, Home Insurance is better positioned for the future—with new, strong European partners.

On February 12, shareholders confirmed the sale of The Home Insurance Company.

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We think what's happening at The Home will be good for everybody—our policyholders, our agents and brokers, and our employees.

Our 138-year-old Home

For a company that goes back to 1853, it looks like the best is yet to come.

To explain what's happening:

The shareholder vote on February 12 paved the way for The Home to be acquired by Home Holdings Inc.

Home Holdings Inc. is controlled by a consortium headed by the Trygg-Hansa SPP Group (about 60% ownership), the largest insurance company in Scandinavia; Industrial Mutual Insurance Company (20%), the second largest insurer in Finland; and International Insurance Investors L.P. (approximately 10%).

In short, our new partners are experienced, knowledgeable insurance people.

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The Home is in excellent shape today. Compared to a few years ago we're a much stronger company.

Stronger by virtually every industry yardstick—including underwriting performance, operating income, and combined ratio.

Indeed, based on the most recent industry estimate from the Insurance Information Institute, The Home's combined ratio is a full point better than the industry average for 1990.

And that's the second straight year we've outperformed the industry.

Not bad for a company whose combined ratio in 1985 trailed the industry average by more than 20 points!

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Finally, to all the people in The Home family—our employees, agents, brokers, and policyholders—we give our warmest thanks.

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OLD PROS ON A NEW TEAM

FT [illegible] REPORTS

Group tax relief claim ruled invalid

GALLIC LEASING LTD [illegible] (HM Inspector of Taxes)
Court of Appeal
(Lord Justice Fox, Lord Justice Balcombe and Lord Justice Stocker):
February 13 1991

A CLAIM for group relief from corporation tax [illegible] invalid unless it [illegible] the company which will be surrendering its loss, and quantifies the amount [illegible] be surrendered.

The Court of Appeal so held when allowing an appeal by the Inland Revenue from [illegible] Justice Vinelott's decision that the taxpayer company, Gallic Leasing Ltd, had made [illegible] claim for group relief from corporation tax.

Section [illegible] of the Income and Corporation Taxes Act 1970 provides: "Relief for trading losses ... from corporation tax may ... be surrendered by [illegible] company ... which is [illegible] ber of a group of companies and, on the making of a claim by another company ... of [illegible] same group, may [illegible] allowed to the claimant company by way of relief from corporation tax called 'group relief'".

LORD JUSTICE [illegible] giving the judgment of the court, [illegible] that Gallic Leasing [illegible] a member of [illegible] group which included five other companies. During the accounting period [illegible] March [illegible] each of [illegible] companies sustained trading losses which [illegible] capable of being surrendered [illegible] another company in the group for relief from corporation tax.

Section 264(1) of the Income and Corporation Taxes Act 1970 provided that [illegible] claim for group relief must be made within [illegible] years from the end of the surrendering company's accounting period.

On October 1 [illegible] the [illegible] inspector [illegible] Gallic Leasing [illegible] notice of [illegible] corporation [illegible] for the period to March 31 1982. On October 31 [illegible] an appeal was lodged on its behalf by its [illegible] In the notice of appeal application [illegible] payment of tax. The notice bore [illegible] script note at its foot stating "profits will be covered by group relief".

The postponement [illegible] agreed by the inspector. [illegible] June [illegible] 1983 the accountants [illegible] of the [illegible] for the period ending March 1982 [illegible] the inspector, together with [illegible] corporation tax calculation. The profit and loss account showed nothing payable in respect [illegible] 6 to the accounts under the heading "taxation" set out [illegible] corporation [illegible] payable [illegible] 52 [illegible] cent of the profits [illegible] period, and an equivalent amount of [illegible] relief.

The inspector acknowledged receipt on July [illegible] 1983. He added that he had no inquiries to raise and [illegible] details of the [illegible] relief.

The accounts of [illegible] of the other companies in [illegible] to the inspector in June and August [illegible] The [illegible] did not show that [illegible] reliefs [illegible] to be [illegible]

There [illegible] further correspondence. No notice [illegible] consent by any [illegible] surrender of losses [illegible] given [illegible] the inspector by March [illegible]

The issue was whether [illegible] notice of appeal or the accounts, or both together, [illegible] a "claim" for group relief by [illegible] Leasing.

Section 258(1) of the [illegible] Act permitted trading [illegible] to [illegible] surrendered by one [illegible] within [illegible] group and, "on [illegible] making of a claim" by [illegible] company in [illegible] they might [illegible] allowed [illegible] the claimant company by way of relief from corporation tax.

Two or [illegible] companies might make claims relating [illegible] the [illegible] surrendering company and the same accounting period. A surrendering company must give consent (section 264[1]).

The Revenue asserted that no claim for group relief was made by the Gallic Leasing within [illegible] two-year period. The general commissioners upheld the Revenue's contention. [illegible] Justice Vinelott upheld an appeal by Gallic Leasing. The Revenue now appealed.

The first question was what was the nature [illegible] the claim?

It was [illegible] to bear in mind that [illegible] basis of the statutory provisions as [illegible] group [illegible] was that each claim to [illegible] of a surrendering [illegible] was a separate [illegible]

Although the [illegible] referred to as group relief, [illegible] group [illegible] only of two companies. There might be [illegible] number of claims but the num[illegible] depended on [illegible] number [illegible] surrendering companies. In relation to a particular claim there [illegible] claimant company and one surrendering company.

Accordingly, each [illegible] must be considered separately. The two-year provision [illegible] tied to [illegible] surrendering company's accounting period to [illegible] the [illegible] related.

Thus far, therefore, [illegible] claim must [illegible] a claim [illegible] surrendered by [illegible] particular [illegible]

Second, the claim must relate to specific [illegible] or [illegible] That [illegible] from section 258 (1).

The Revenue accepted [illegible] might be claimed [illegible] objectively [illegible]terminable [illegible]

A [illegible] must [illegible] form [illegible] the inspector [illegible] able [illegible] accept or reject it, wholly or partially, [illegible] the provisions [illegible] the legislation. A [illegible] which did [illegible] each surrendering [illegible] and [illegible] surrendered by that [illegible] not [illegible] claim. [illegible] content [illegible] such [illegible] inspector could determine whether [illegible] should be accepted or not.

A claim could be accepted [illegible] a different amount from [illegible] claimed. There might well be disputes [illegible] to questions on the facts and the law.

But to constitute [illegible] claim, a sufficiently defined quantification of [illegible] sums to be surrendered was a necessary requirement. That did not mean it must be immediately quantifiable. It might have [illegible] figures and calculations not yet [illegible]

In [illegible] present case the documents relied on [illegible] constituting the claim were: [illegible] manuscript [illegible] on [illegible] notice of appeal "profits will be [illegible] by group relief"; and (ii) Gallic Leasing's company [illegible] 1982, which [illegible] "Corporation tax – £167,000 ... Group relief – [illegible]

Those [illegible] gave no indication [illegible] identity of a surrendering company or [illegible] panies, or of the [illegible] surrendered by [illegible] They did not [illegible] valid claim.

Gallic Leasing's contention in [illegible] was that [illegible] a sufficient claim if, within the two-year period, the claimant company notified the inspector that [illegible] claimed group relief on [illegible] profits. All further information [illegible] explain [illegible] justify [illegible] claim could [illegible] supplied [illegible] two-year period.

If [illegible] would largely deprive the statutory time limit of [illegible] It [illegible] improbable [illegible] ment, having [illegible] a time limit for claims, [illegible] It could be [illegible] if [illegible] inspector [illegible] was undue delay by a claimant [illegible] in providing [illegible] information relating [illegible] claim, he [illegible] a notice of [illegible] and let the [illegible] pany appeal. However, that [illegible] acceptable [illegible] present [illegible]

Mr [illegible] the Revenue's submission were well-founded it would lead to anomalous and unjust [illegible]

If company A in a group made a profit in a given accounting period and claimed group relief specifying company B as the surrendering company and B was unable to consent before its accounts were finally determined, the claim was invalid unless there was still time for A to make another claim within the two-year period.

There was force in that point. There was hardship. But it was not really an anomaly. It was simply a hardship arising from [illegible] time limit provision.

Parliament must [illegible] regarded the two years as adequate to enable the identity of the surrendering company and the amount surrendered to be decided on. If, as Mr Goldberg suggested, the period might in some cases be inadequate, that was a matter for amending legislation. The court could only give effect to the statutory language.

There was no valid claim. The appeal succeeded.

However, the Revenue might have been more helpful to taxpayers than it had been. Section 42 of the Taxes Management Act conferred powers on the Revenue to settle a form of claim. It had not done so. It was in the interests of both sides that taxpayers and their advisers knew what information had to be provided to make a valid claim. That would reduce disputes and delay.

The appeal [illegible] allowed.

For Gallic Leasing: David Goldberg (Cameron Markby [illegible] For [illegible] Alan [illegible] QC [illegible] Launcelot [illegible] (Inland [illegible] Solicitor).

Rachel Davies
[illegible]

European chemicals industry

Why Solvay is a keen advocate of continuity

Clive Cookson reports on the strategy of [redacted] alkaline dynasty

There [redacted] an extraordinary continuity to the European chemicals industry. While the key players have their origins in the [redacted] century and have since expanded [redacted] become giants in their industry, their [redacted] still readily identifiable.

No company better represents [redacted] continuity than Belgium's Solvay Group – and no individual [redacted] it [redacted] than Jacques Solvay.

Solvay, great-grandson of [redacted] Solvay [redacted] founded [redacted] company in [redacted] retires in June [redacted] the [redacted] 70, after 20 years as chairman [redacted] the [redacted] board.

Operating within a [redacted] framework that was established largely during [redacted] 19th century, he has presided [redacted] expansion of [redacted] group; it [redacted] now Belgium's second largest company and about 15th in the world league of chemical [redacted].

The "alkalis" business, [redacted] directly from Ernest Solvay's original [redacted] ash manufacturing, still represents 30 per [redacted] the group's turnover. But today it is just exceeded in [redacted] by [redacted] plastics business, started in the [redacted]. The [redacted] growing [redacted] of Solvay [redacted] health (pharmaceuticals and animal health), which has expanded [redacted] per cent to 13 [redacted] cent of [redacted] sales [redacted].

"I do not think the group is going [redacted] push [redacted] further diversification for the foreseeable future." Solvay [redacted] "We will try [redacted] better with [redacted] have."

Solvay [redacted] continue [redacted] up [redacted] health business, [redacted] says, "but it will [redacted] very difficult to catch up with the [redacted] pharmaceutical companies". The group's 1990 sales [redacted] the [redacted] BFr33bn ($1.1bn).

Alois Michielsen, the Solvay director responsible for the health sector, [redacted] issue with the conventional view that "you have [redacted] be very big to survive in pharmaceuticals". He believes [redacted] by [redacted] selectively on research [redacted] development, the health subsidiaries Duphar and Solvay Pharma Deutschland (formerly Kali-Chemie) will continue to grow profitably.

Solvay's cautious financial policy would prevent [redacted] spending [redacted] to [redacted] billion [redacted] that would be required to acquire [redacted] a medium-sized pharmaceutical company in the US, [redacted] Solvay is particularly keen to expand [redacted].

The alternative strategy for instantly increasing [redacted] size of the pharmaceuticals business – forming a 50:50 international joint venture – [redacted] against what Solvay calls "our tradition [redacted] keeping full control of our [redacted]." But the company [redacted] establish strategic alliances for parts [redacted] the business.

"Many of our joint venture attempts have led [redacted] disgruntled staff," he [redacted]. But [redacted] Interox, [redacted] "happy and [redacted]" joint [redacted] established [redacted] Laporte [redacted] the UK [redacted] 1970 [redacted] make peroxy[redacted], is the exception to Solvay's general preference for [redacted] ownership. Solvay [redacted] there are [redacted] plans [redacted] change [redacted] company's relationship [redacted] Laporte, [redacted] a [redacted] per [redacted] shareholding.

Many analysts predict [redacted] a decade of asset-swapping between the international chemical [redacted] globally on [redacted] technical and marketing strengths and [redacted] activities in [redacted] it is relatively weak [redacted] has only [redacted] presence. His company will take [redacted] process than [redacted] large chemical companies, Solvay says, [redacted] theirs.

Solvay [redacted] suffering from [redacted] cyclical downturn [redacted] chemicals industry, though [redacted] severely [redacted] large European companies. [redacted] profit fell by only [redacted] to BFr15.8bn ($525m).

"In [redacted] recession of 1981/82 we had a [redacted] load that added [redacted] punishment," Solvay comments. [redacted] Solvay used [redacted] strong cash flow during the late 1980s [redacted] build up a protec[redacted] for the next downturn. [redacted] Friesewinkel, [redacted] the company [redacted] has only about BFr15bn ($500m) net debt.

Solvay joined the family firm in 1950, after spending three years in the US working for General Electric. He took over as chairman [redacted] Solvay's board and [redacted] its [redacted] committee in 1971.

In 1986 he [redacted] over the [redacted] committee to the [redacted] generation: Baron Daniel Janssen, a great-great-grandson [redacted] Ernest Solvay. His successor as chairman of the board, who will be chosen in April, [redacted] certain to be another member of the family. "It is not going [redacted] happen again that the same man will be both [redacted] of [redacted] board and [redacted] committee." Solvay [redacted]. He [redacted] international opinion that [redacted] someone [redacted] represent [redacted] holders' [redacted] a different person to have responsibility for running the company.

Jacques Solvay [redacted] played a [redacted] development [redacted] the European [redacted] try [redacted] decades. [redacted] example, his [redacted] Cefic, [redacted] association, into one [redacted] Europe's [redacted] industrial lobby [redacted].

To a large [redacted] these [redacted] have replaced [redacted] very [redacted] but informal working relationships [redacted] between European chemical companies when they operated what would today [redacted] regarded [redacted] illegal cartel. "I spent four months with ICI in 1953, at [redacted] time when [redacted] Solvay were very close," Solvay [redacted] "Now [redacted] have [redacted] all [redacted] bonds [redacted] there's nothing [redacted]"

Even so, [redacted] European Com[redacted] fined Solvay [redacted] ICI [redacted] total of Ecu47m (£30m) [redacted] December for breaking EC competition [redacted] by dividing [redacted] the [redacted] for soda ash, an important industrial chemical. Both companies indignantly [redacted] the EC charges and [redacted] they would appeal.

In spite [redacted] this setback, [redacted] vay [redacted] the industry [redacted] generally [redacted] with the EC. "We have been much more successful with the commission than with public opinion," he says. "The image of [redacted] chemical industry is still miserable on the whole and improving [redacted] will [redacted] a slow process."

[redacted] reason for [redacted] poor image may [redacted] that Solvay's generation of chemical industry [redacted] did [redacted] regard pub[redacted] known as "[redacted]tions" – as [redacted] important part [redacted] the job. [redacted] more flamboyant successor, [redacted] Janssen, Solvay has made [redacted] journalists [redacted] put [redacted] industry's environmental case [redacted] public.

Solvay's powerful intellect and [redacted] personal charms are therefore known mainly within chemical circles. [redacted] who has [redacted] closely with him and [redacted] him as "one of [redacted] met", [redacted] Minton, [redacted] executive of Laporte. [redacted] that, in spite [redacted] his strategy [redacted] continuity, Solvay "[redacted] company in new strategic directions – for example [redacted] polymers [redacted] US".

Solvay speaks English with a flawless accent, picked [redacted] from [redacted] British [redacted] who [redacted] after him in the 1920s. The first language of the Solvay family and the Solvay company [redacted] French, and [redacted] that his Flemish was [redacted] good as his [redacted].

Solvay was [redacted] fully-owned family partnership until 1967. Today the family controls about 55 per [redacted] of the [redacted] – 25 [redacted] through [redacted] a family-owned holding company, and 30 [redacted] through direct personal holdings. [redacted] family has grown [redacted] mously [redacted] generations [redacted] about [redacted] individual [redacted] of Ernest [redacted] and [redacted] brother now own [redacted]. The personal holdings of Solvay [redacted] Janssen amount to less [redacted].

Solvay says the continued family control gives the company "a very great solidarity and sense of belonging, on the part of the shareholders and of the employees. It is quite [redacted] per [redacted] representation of [redacted] general assembly." He points [redacted] special constraints on [redacted] family [redacted].

Another advantage [redacted] control by [redacted] family, according [redacted] Solvay, [redacted] "it [redacted] tradition [redacted] equity. Many companies have political infighting [redacted] infighting; [redacted] have that."

[redacted] hallmarks of Solvay are stability and continuity, [redacted] Minton. "It's a fine company with a traditional [redacted] approach [redacted] thinking long-term [redacted] concentrating on [redacted] technological strengths."

Jacques Solvay: more successful with the European Commission than with public opinion

Competitive innovation

Let's do this in stages...

By Simon Holberton

Being first matters. Not for its own sake but because you may lose a lot money if you're not.

In the mid-1980s in Britain GM stole a march on Ford when it introduced its Cavalier model in 1982. Ford responded in 1983 with the launch of the Sierra and regained market leadership by the end of 1986. The cost to Ford of being one year late with the Sierra was $1bn in lost profit.

Technological leadership also matters. During the 1980s the life of portable hi-fi systems declined markedly. But the pressure to introduce new models at the top end of the market (Sony) has been much less than for those at the bottom (Sanyo). The product life of a Sony Walkman has declined from less than 2½ years to little less than 1½ years; for Sanyo, the product life of its Walkman-equivalent has halved to 6 months.

These two examples come from a report by P Ranganath Nayak, a senior vice president with the Arthur D Little management consultancy in the US. His report highlights the financial benefits to companies of swift product development and technological leadership.

More important, he has analysed the product development process and shown how the best companies organise that endeavour. Some of his findings are counter-intuitive; others commonsensical.

Having good ideas is a necessary but not sufficient attribute of success. It was EMI that invented the scanner but General Electric and Siemens that made it into a product; Bowmar Instruments invented the pocket calculator only to have Texas Instruments and Hewlett-Packard take it to market, although they got taken to the cleaners by Japanese manufacturers.

But if companies can manage good ideas well then the benefits are considerable. Being first on the learning curve affords a cost advantage denied to followers and, if a company can manage to inno[redacted] continuously [redacted] can, so Nayak claims, maintain a continuous cost advantage.

So how do [redacted] best do it? [redacted] of all, [redacted] by which they develop projects is one of incremental innovation – it is faster and cheaper – than by trying to do it in large lumps. As Nayak observes: "The relationship between project size and time-to-complete is highly non-linear." As projects get larger more people become involved and more communication and co-ordination time is needed. So keep them small.

But the strategy of incremental innovation must be supported by a high frequency of product introductions, "each incorporating a few technological innovations", he argues. "Frequent product introductions not only permit R&D to be organised into small projects but offer a longer window of opportunity for introducing new technology."

The best companies do not ignore their customers in the process of innovation. Contrary to received wisdom, Nayak argues, most good ideas do not come from marketing, sales, competitors or top managers but from customers.

These companies insist that their technologists get out into the marketplace and talk to customers. "The best features and functions in a technological product come from the intersection of technology know-how with customers' wants and needs." This is different from the two most commonly practised approaches to technological development: faith that somewhere there is a customer who will want the product; and the assumption that customers are not interested in technology.

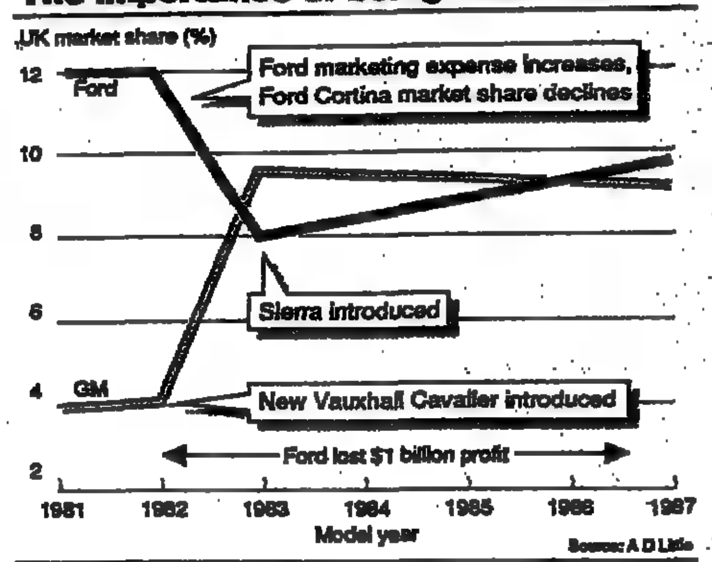
Nayak is also an advocate of multifunctional teamworking as a means of speeding up the product development process. "If you have technological insight, multifunctional teamwork, and customer orientation throughout the organisation, you get a combination of good ideas or problems together with good solutions, and that's the starting point of great products."

In developing those products Nayak says that A D Little research shows that those who spend more time engaged in product planning will spend less on product development. Those who spend more time on planning will take less overall time on getting to market.

He cites an example of a study into the European truck industry and the time it took nine competitors to develop a new vehicle. The best performer, a US manufacturer, spent two years in the planning stage and a further two years to complete the development project: the worst performer, a European company, spent two-thirds of a year in planning, but more than six years to complete the development project.

Technological Change. Available from: Arthur D Little, Berkeley Square House, Berkeley Square, London W1X 6EY. Tel: 071- 409 2277.

The importance of being there first



ARTS

Alastair Muir

Paul Shelley

All in the Wrong

ORANGE TREE, RICHMOND

[redacted] Orange Tree [redacted] one of those theatres [redacted] once despair of the term fringe, while reminding of all that it ought to signify in terms of adventure, *energy* and expertise. The despair comes from implication that such theatres are on the fringes of artistic life. Yet in the 20 years since its inception – archetypically, in a room above a pub – this formidable little institution has propelled [redacted] Havel [redacted] the [redacted] consciousness, championed [redacted] bevy [redacted] new playwrights and dusted down the reputations [redacted] some [redacted] *ones as well*.

It now for the first time has its own theatre, shaped from an abandoned primary school [redacted] enough to its original [redacted] sentimentalists [redacted] repair there for [redacted] drinks. While other fringe [redacted] bury [redacted] in [redacted] Europe,Sam [redacted] has chosen to launch this exciting new venture with a comedy from [redacted] century [redacted] playwright Arthur Murphy, a friend of Garrick, whose [redacted] has already provided the old Orange Tree with one tangy little fruit.

All [redacted] the Wrong is cleverly chosen [redacted] emphasise the elegance [redacted] set in the round with an upstairs gallery garlanded with [redacted] fo[redacted]. It is a comedy of *amours* bedevilled by jeal[redacted] *with such a runaway plot* that it is tempting to regard it as parody. From a helter skel[redacted] dropped miniatures and closet concealments, towering [redacted] swooping spirits [redacted] couples, [redacted] blindness [redacted] reason [redacted] phy's [redacted] conceit.

It [redacted] clumsier pl[redacted] *Keep Him*, with none of the [redacted] play's entwining of upstairs and [redacted]. The servants here serve merely as sturdy little engines to set [redacted] plot [redacted] which [redacted] only be brought back [redacted] a standstill with a [redacted] of offstage explanation. But the ingenuity which which Murphy keeps it thundering along is [redacted] delight,with some marvellous scenes of double [redacted] – *particularly* those involving [redacted] Crowther's pratfalling Lady Restless, whose nose visibly quivers with suspi[redacted] of her husband, caught supporting a fainting lady in her hour of need.

Mind you, Paul Shelley manages to suggest more than a touch of old Satan in the counter-accusations [redacted] technically blameless Restless. There is a nice balance here between the rancour of these seasoned spouses and the ardour of the younger couples. The flaming jealousy of Daniel Flynn's Beverley and the warm-hearted coquetry [redacted] Royle's Belinda are impressivelyly [redacted] by Gerard Logan and Janine Wood in the lesser roles.

The direction is, [redacted] always,impeccable with sumptuous [redacted] the [redacted] Anne Gruenberg's design. The spirit [redacted] the old Orange Tree continues, in greater comfort — and few could quarrel with [redacted]

TELEVISION

Cries of woe and 'whoa...'

Some *FT* readers [redacted] have been [redacted] glad when dramatic [redacted] in Kuwait [redacted] day evening [redacted] the delay until [redacted] midnight [redacted] Forbes's ITV programme *Money For Nothing*. It [redacted] anyway, only [redacted] in London. The title [redacted] naughtily ambiguous: it [redacted] the huge [redacted] to acquire brokers after Big Bang, [redacted] which has [redacted] "for nothing" [redacted] many of [redacted] hybrids, it [redacted] failed [redacted] profit; and [redacted] the large [redacted] acquired [redacted] ber [redacted] have now been [redacted] back. [redacted] some [redacted] feel [redacted] just as well that [redacted] programme [redacted] such [redacted] limited and [redacted] outing: it [redacted] City [redacted] shady, inept, or greedy, [redacted] times all three, [redacted] once [redacted] dealing [redacted] millions of pounds [redacted] other people's money, [redacted] failure can [redacted] you living in the [redacted] which [redacted] only ever be [redacted] daydream for [redacted] viewers[redacted] Perhaps ITV [redacted] o'clock [redacted] it on the [redacted] network.

*

The [redacted] increasing the speed [redacted] which [redacted] "age of information" [redacted] becoming [redacted] ifest. Cries of [redacted] (and "Whoa!") [redacted] from [redacted] enough [redacted] as [redacted]. They point [redacted] the Second World War, saying that the public appeared [redacted] by well enough with bulletins which [redacted] things such [redacted] "Bomber Command has *mounted* [redacted] *one-thousand* aircraft [redacted] on Cologne. [redacted] German army [redacted] besieging [redacted]pol. Rommel's [redacted] Korps [redacted] Now [redacted] theatre organ". Why, they ask, [redacted] now [redacted] devoting [redacted] of a [redacted] which, [redacted] Second [redacted] War, [redacted] not [redacted] national survival. Further[redacted], *they ask*, [redacted] *obvious* that there is too little real news [redacted] fill [redacted] channels, so that they will inevitably become repetitive and speculative.

Clearly there is some truth in this, and the broadcasters do not deny it. *The Channel 4* [redacted] *Midnight Special*, a two-hour programme of news bulletins and studio analysis, is a classic example. The presenter recently began a discussion by asking one of his guests "Speculate for us if you will on..." *However, the largest number* of examples probably comes from the all-news service on [redacted] (known [redacted] Broadcasting House as "Rolling Thunder"). [redacted] Friday [redacted] the pre[redacted] colleague "What's [redacted] speculation in Washington?"

To [redacted] reporters are exchanging [redacted] traditional commodity of [redacted] guesswork. [redacted] they [redacted] prevented from [redacted] out what [redacted] actually happening (except [redacted] taken along by the military in a croc[redacted] with other reporters, dressed [redacted] *uniform* – [redacted] being [redacted] exceptions, they [redacted] journalists [redacted] – [redacted] whatever little [redacted] piece propaganda [redacted] military on either [redacted] to dream [redacted] or [redacted] find [redacted] happening [redacted] the same [redacted] they [redacted] Stormin' [redacted] gives a [redacted] conference, [redacted] instance, [redacted] it live. So [redacted] of being required [redacted] tell [redacted] happened in the [redacted] past, reporters are increasingly required [redacted] offer their opinion on what may *happen* [redacted] *immediate future.* [redacted] other words guesswork.

Old [redacted] it, [redacted] perhaps [redacted] broadcasting. In the [redacted] information, [redacted] conveyed [redacted] they happen, unmediated, [redacted] public, [redacted] journalist [redacted] be [redacted] "reporter" [redacted] over increasingly to speculation. [redacted] present, [redacted] you can still [redacted] *something* [redacted] *to the old* style if you want it: the news [redacted] on [redacted] 3, [redacted] BBC1 [redacted] *O'Clock News*, [redacted] *News At 10*, and [redacted] BBC World Service all supply fairly [redacted]tional [redacted] it [redacted] begin to seem [redacted] endless speculation [redacted] corollary to 24-hour news.

And not everybody dislikes it. After all, speculation can be both informative and fun, as is proved by any good dinner party conversation. At their best, as when Paul Foot argued a Tory MP and a military expert under the table on Sunday, programmes such as the C4 *Midnight Special* can be as enjoyable as a good dinner [redacted] natter, and often better informed. There is, though, one misconception [redacted] crops up repeatedly in these programmes and which should [redacted] challenged. Justifying military censorship today, soldiers and politicians frequently [redacted] that it was [redacted] which [redacted]

[redacted] help bring [redacted] war to an end, [redacted] believe it did, it was because, over a period [redacted] months, [redacted] cameras [redacted] important [redacted] home: that the US should never have been in Vietnam in the first place, that the war was unjust, and that the soldiers saw it as unjust and [redacted] not want to fight it. The misconception is that television's role in that war was a bad thing. It was not; it was a [redacted] thing, [redacted] argument against censorship except when used directly for the preservation of life.

*

When we are in a position to look back on the whole history of the Birmingham Six it will be worth reminding ours[redacted] *that the first, last,* [redacted] persistent champions of justice and truth in this matter have been the producers of *World In Action*, the Granada series where Chris Mullin began his work.

*

[redacted] getting beyond a joke. [redacted] I [redacted] *Spender, Inspector Morse, Columbo,* [redacted] *Holmes,* [redacted] *Fletcher in* [redacted] Others [redacted] in [redacted] include *Van* [redacted] *Valk,* Dalgleish in P.D.James's *Devices And Desires,* [redacted] *Ber*[redacted] most [redacted] fact [redacted] that only [redacted] – *Spender* and *Bergerac* – [redacted] from [redacted] The rest, five British and two American, are all shown by ITV. The theory in ITV seems to be that the time has come to abandon the bottom [redacted] of the market, [redacted] of people [redacted] by all-in wrestling [redacted] darts (leave *them* [redacted] *channels*) [redacted] much [redacted]

And [redacted] such people like? Why, good old fashioned, middlebrow, middle class, murder (the rough diamond Geordie, Spender, is a BBC creature remember). [redacted] enough, audience figures suggest that this ploy works like a dream. The BARB ratings show that Jes[redacted] 11.2m viewers on her [redacted] outing, [redacted] 11.8m, [redacted] 12.4m, [redacted] For the [redacted] Bergerac managed 10.5m [redacted] Spender 11.3m. For the [redacted] of comparison, [redacted] 17m and *QED* [redacted] below [redacted] 20 scores 8m. So most of [redacted] series get into the Top 20 [redacted] channel on which they appear. [redacted] can really [redacted] on getting [redacted] ratings [redacted] number [redacted] present level, or [redacted] rises, remains [redacted] *There* [redacted] *presumably* [redacted] diminishing [redacted]

If you [redacted] choosing just one to lay [redacted] on [redacted] for posterity [redacted] would surely [redacted] to be [redacted] *Of* [redacted] *Holmes*, a series, from Granada again, which is extraordinarily impressive in every depart[redacted] it [redacted] filmed [redacted] magnificent [redacted] (last [redacted] for "The Disappearance [redacted] Lady [redacted] *District*) [redacted] breathtakingly expensive standing [redacted] players, Jeremy [redacted] Edward Hardwicke, [redacted] probably the best pair [redacted] and Watson, [redacted] is saying [redacted] lot, with great depth [redacted] supporting players [redacted] week Cheryl Campbell, [redacted] Jayston [redacted] Klaff); and of course [redacted] knock [redacted] all [redacted] other detective [redacted] drama now [redacted] £0.75m [redacted] hour (i.e. [redacted] minutes) it [redacted] a [redacted] point [redacted] we shall [redacted] much more [redacted] ITV fran[redacted] who [redacted] buy Burgundy while it [redacted] still [redacted] had [redacted] laying [redacted]

*

Did anybody else see the public information film [redacted] urging "Listen kids, don't go sliding on frozen ponds"? [redacted] "[redacted]" [redacted] you [redacted] at, given [redacted] it [redacted] screened [redacted] in [redacted] morning?

Christopher Dunkley

[redacted] sleuthing [redacted] than speculation [redacted] the Gulf: Jeremy Brett as [redacted] *Holmes and John Thaw as Inspector Morse*

New Year

ROYAL FESTIVAL HALL

[redacted] new British opera [redacted] recent vintage [redacted] widely [redacted] and [redacted] in [redacted] first year [redacted] *Year*. Since the pr[redacted] in [redacted] in October [redacted], it [redacted] Glyndebourne [redacted], and *subsequently* [redacted] *on the* Glyndebourne autumn tour; on Monday evening [redacted] reached London [redacted] performance [redacted] the original cast conducted by Andrew Davis under the auspices of [redacted] London Philharmonic.

Anyone who [redacted] about Tippett [redacted] to [redacted] out on [redacted] side or the other – detached discussion has become almost impossible. I must confess to being a lapsed believer, once in thrall to everything he [redacted] before *The Ice Break* (well, [redacted] everything – *A* [redacted] *of* [redacted] has always been [redacted]rying), and now having [redacted] carefully [redacted] the high[redacted] and lows, and to suspend disbelief just a little too often for comfort. In *New Year* those problems of credibility seem larger than ever: the gimcrack dramatic scheme and two-dimensional characters, the crude orchestration and deliberate lapses of taste, all demand that the audience [redacted] what it sees [redacted] bears [redacted] told they represent.

Symbolism has swept all before it in late Tippett, when the music deals in archetypes and stereotypes, minor details [redacted] and accuracy can be excused. So just as the characters in *New Year* are more significant for what they represent – unfulfilled, aspiring white girl, displaced black, dream-image extraterrestrials – than for how they are portrayed, so Tippett's music can get by on approximation: it doesn't matter, for instance, that his "rock" writing for electric guitars is hopelessly unidiomatic, or that his "jazz" saxophones never swing, they're only symbols, and symbols do not have to be grounded in reality.

The echoes of *The Knot Garden* and of the nexus of works around it (especially *Songs for Dov*) remind one painfully of how fresh that opera was, and how those themes of Jungian self-discovery that were explored first in *The Midsummer Marriage*, and later in explicitly contemporary terms in *Knot Garden* now in *New Year* seem painfully contrived. The score has its glorious moments, especially the occasional wellings-up of lyricism that [redacted] the *Midsummer Marriage* sound world, as well as its quota of embarrassments, of which the use of "Auld Lang Syne" to end the second act [redacted] the worst.

This performance under [redacted] direction was exuberant, always alive, with both the LPO and the Glyndebourne Chorus vividly responsive. The soloists were uniformly splendid – Helen Field's touching Jo Ann, Kim Begley's clear-toned Pelegrin [redacted] throwback [redacted] to a 19th-[redacted] lyric tenor role), Jane Shaulis's [redacted] Nan, [redacted] rather self-satisfied Merlin, [redacted] all be related to conventional operatic stereotypes; so most of the time could Richetta Manager's outrageously over-the-top Regan. But [redacted] Hill's rapping, explosive Donny and [redacted] Henry Jnr's [redacted]ing, swooning Presenter are truly *sui* [redacted] in [redacted] flamboyant [redacted] believed in Tippett's optimistic synthesis, still hoped it might be made [redacted] work.

Andrew Clements

Die Walküre

CONCERTGEBOUW, AMSTERDAM

These days it is entirely possible, if one has the resources, to put on [redacted] cycle that is [redacted] The [redacted] is in the midst of giving concert performances of the four *Ring* operas, though not sadly in [redacted] order, and at [redacted] matinée in the VARA broadcast series at the Concertgebouw on Saturday it reached a tumultuously received account of *Die Walküre*.

By [redacted] large [redacted] was not a [redacted] that added to [redacted] understanding of the work. There is no reason why it should not have been, as I [redacted] remember [redacted] a richly involving *Walküre* Act One in [redacted]; [redacted] Edo [redacted] Waart's musical [redacted] not on [redacted] same level of inspiration. The music [redacted] earthbound, despite [redacted] playing from [redacted] orchestra and the gloriously spacious Wagnerian [redacted] of the hall.

What [redacted] the [redacted] the [redacted] quality [redacted] voices. [redacted] days, not so long ago, [redacted] Wagner [redacted] to sound ugly, [redacted] had to [redacted] shouted, barked, screamed, anything but sung, seem to be happily forgotten. Throughout [redacted] performance [redacted] singing was unfailingly [redacted] beautiful to [redacted]

[redacted] the head [redacted] the cast were two leading Wagnerians. James [redacted] is London's, indeed almost the world's, resident Wotan [redacted] the moment, as astonishingly [redacted] and [redacted] in his singing here as he was in the Royal Opera's [redacted] production. Jeannine Altmeyer, by contrast, [redacted] been seen in London for far [redacted] long and it was a pleasure to [redacted] that [redacted] developed into such a powerful and involving Brünnhilde, a woman [redacted] than [redacted]rior-maid, who [redacted] soul into [redacted] whole perfor[redacted]

Next to her [redacted] Marc could hardly help feeling [redacted] Sieglinde, but her opulent singing rose to glori[redacted] heights [redacted] act, where [redacted] voice [redacted] both ample and radiant. [redacted] König sang correctly, but made a dull old stick out of Siegmund. [redacted] van [redacted] as [redacted] Jan-Hendrik [redacted]ing as Hunding chill the [redacted] though in purely [redacted] splendid assumptions, firm, rich and [redacted]

Even among the Valkyries no expense had been spared. [redacted] fearsomely powerful line-up of ladies [redacted] headed by the young Ameri[redacted] Deborah Voigt, already [redacted] for herself as [redacted] Verdi soprano, and [redacted] lovely [redacted]ung Finnish soprano, Soile Isokoski. Another American, [redacted] Neaves, sounded a voice [redacted] be reckoned with, while [redacted] Valkyries included [redacted] than [redacted] trusted British Frickas in Linda Finnie and Yvonne Howard. Fine performances all round.

The concert performance of *Siegfried*, also due to be broadcast later, will be given next Saturday.

José Carreras

[redacted] Spanish tenor José Carreras, currently singing Samson [redacted] Covent Garden, will give a [redacted] at [redacted] National Exhibition Centre, Birmingham on March 20 with the Royal Philharmonic [redacted] Judith Howarth, soprano. On this, his [redacted] Birmingham, [redacted] programme will [redacted] of his favourite operatic [redacted]

INTERNATIONAL
ARTS GUIDE
TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Thomas Sanderling conducts [redacted] Philharmonic Orchestra in music by Wagner and Schumann, [redacted] Rivka [redacted] in Bartok's Viola Concerto. Tomorrow: Riccardo Chailly conducts Royal Concertgebouw Orchestra in music by Loevendie, Berio and Prokofiev (718345)

BARCELONA

[redacted] **Teatre del Liceu** [redacted] Jordi Savall conducts Una cosa rara (1786) by [redacted] Martin y Soler, Spanish composer who died [redacted] Petersburg court. [redacted] Fri [redacted] Sun (412 1466)

BERLIN

Music
Staatsoper unter [redacted] **Linden** 19.30 Carl Orff double-bill. Tomorrow: Tosca (2004 762)
Komische Oper 19.[redacted] Harry Kupfer's production of Die Entführung aus dem Serail (2292 555)
Deutsche Oper 19.00 Le nozze di Figaro with Marie McLaughlin as Susanna [redacted] Wolfgang Brendel [redacted] (3410 [redacted])
Schauspiel[redacted] Riccardo Muti [redacted] Berlin Philharmonic [redacted] in music by Schubert, Busoni and [redacted]
Philharmonie [redacted] 20.00 [redacted] Berlin Radio Symphony [redacted] *play* [redacted] music by Chausson, Debussy [redacted] Genzmer (2614 [redacted]
THEATRE
Berliner Ensemble 19.00 Mother Courage (2827 712)
Deutsches Theater [redacted] zerbrochene Krug (2871 [redacted]
Kammerspiele 19.30 [redacted] Heartbreak [redacted] (2871 226)
Volksbuhne [redacted] Comedy [redacted] Errors (2082 7[redacted]

BONN

Oper 19.00 [redacted] Russell [redacted] Die Frau ohne Schatten with [redacted] led by Ute Vinzing, Sabine Hass, Paul Frey and Siegmund Nimsgern (773667)

COLOGNE

Philharmonie [redacted] by Christa Ludwig, with [redacted] by Schumann, Brahms, Liszt, Mahler [redacted] (2801)
Opernhaus 20.00 Janis Martin sings title role in Elektra, [redacted] Sat. Tomorrow [redacted] Sun: La traviata with Inga Nielsen [redacted] (221 8400)
Schauspielhaus 19.30 Brendan Behan's play Richard's Cork Leg (221 8400)
Kammerspiele 20.00 [redacted] in [redacted] Jungle [redacted] Cities. Runs till Sun (221 8400)

GENEVA

Victoria Hall [redacted] Armin Jordan conducts Orchestre [redacted] la Suisse [redacted] *Fifth* Symphony, with [redacted] in [redacted]

GOTHENBURG

[redacted] Gothenburg Symphony [redacted] in [redacted] by Aulis Sallinen, [redacted] in Mozart's Flute Concerto. [redacted]

HAMBURG

Staatsoper [redacted] Lady [redacted] Mtsensk conducted by Donald Runnicles, [redacted] by [redacted] Stapp. [redacted] sings Tatiana in Eugene Onegin (351555)
[redacted] **Schauspielhaus** [redacted] Final German [redacted] Ayckbourn's [redacted]

LONDON

DANCE
Covent [redacted] Altynai Asylmuratova in [redacted] production [redacted] La Bayadère, [redacted] Sat [redacted]
MUSIC
[redacted] Nancy [redacted] sings [redacted] in David Pountney's [redacted] Rusalka; [redacted] The Turn of [redacted] 3161)
Royal Festival Hall [redacted] Lothar Zagrosek [redacted] BBC Symphony Orchestra in Mahler's [redacted] Lied von der Erde (with Dolores Ziegler [redacted] Klaus Konig) and Wolfgang Rihm's [redacted] Jarvi [redacted] the Philharmonia [redacted] 8800)
Queen Elizabeth Hall 19.00 Opera Factory production [redacted] Le [redacted] Figaro (928 [redacted]
Barbican [redacted] *19.45 Nigel* Kennedy [redacted] soloist in [redacted] Mozart [redacted] Music from the year [redacted] English Chamber Orchestra [redacted] by James [redacted]. Tomorrow: popular Mozart [redacted] programme (638 [redacted])
THEATRE
This [redacted] shows include [redacted] Berkoff's adaptation of Kafka's [redacted] Trial with a [redacted] led by Anthony Sher [redacted], Silly Cow, [redacted] new play about a [redacted] columnist (Haymarket). [redacted] Homecoming directed by Peter Hall (Comedy), [redacted] Orton's What [redacted] Butler [redacted] (Wyndham's) and [redacted] King and I starring [redacted] Hampshire (Sadler's [redacted] Phone [redacted] 0836 430959 [redacted] 0836 430960 [redacted] 430961 Thrillers 0836 430962

MUNICH

Staatsoper 19.30 Die [redacted] *aus* [redacted] Tomorrow: [redacted] fliegende [redacted] with Julia Varady [redacted] Senta and [redacted] as the Dutchman [redacted]
Herkulessaal der Residenz 20.00 [redacted] plays piano music by C.P.E.Bach, [redacted] and [redacted]. Tomorrow: piano [redacted] by Tzimon Barto (299901)
Cuvilliés-Theater 19.30 [redacted] Schnitzler's Zwischenspiel (221316)

NEW YORK

MUSIC
Avery Fisher Hall 20.00 Herbert Blomstedt conducts [redacted] Symphony [redacted] in [redacted] Lieberson's new [redacted] World's Turning, plus Bartok's Concerto [redacted] and Mendelssohn's Violin Concerto, with Gil Shaham [redacted] 6770)
Carnegie Hall [redacted] Abbado [redacted] Vienna Philharmonic [redacted] in [redacted]. Tomorrow: [redacted] Symphony [redacted]
Metropolitan Opera 19.30 Jiri Kout [redacted] Gessendorf, [redacted] Troyanos and Aage Haugland, [redacted] Sat (362 6000)
THEATRE
This [redacted] include Fiddler on [redacted] Topol as Tevye (Gershwin), Shogun: [redacted] Musical, [redacted] an earthquake [redacted] a string [redacted] spectacular [redacted] (Marquis) and Stephen [redacted] Horizons). [redacted] 0102) answers inquiries and sells [redacted]

PARIS

[redacted] **Française** [redacted] *Figaro* by [redacted]. Tomorrow: [redacted] La [redacted] coupable [redacted] 4360)
Théâtre des [redacted] **du Nord** [redacted] production [redacted] The Tempest. Last performance [redacted]

ROTTERDAM

[redacted] **Doelen** 20.15 Frans Bruggen conducts Rotterdam Philharmonic [redacted] in symphonies [redacted] Mozart, Haydn and Beethoven, [redacted] (413 2490)

STOCKHOLM

[redacted] Rudolf Barshai [redacted] Philharmonic [redacted] in [redacted] by Bach, [redacted] and [redacted]. [redacted] (244130)

STRASBOURG

Palais des Congres [redacted] Spiros *Argiris* [redacted] including Warren Ellsworth and [redacted] Holle [redacted]

UTRECHT

Vredenburg 20.15 Ton Koopman conducts [redacted] symphonies [redacted] Amsterdam Baroque [redacted]. Tomorrow: Netherlands Philharmonic [redacted] by Thomas Sanderling play Bartok [redacted] Schumann, with [redacted] Golani viola (314544)

VIENNA

Volksoper 19.00 Kalman's Die [redacted]. Tomorrow: Entführung (51444 3318)
[redacted] 19.30 [redacted] accompanied by Norman [redacted] Mozart and [redacted] (505 [redacted])
Burgtheater [redacted] Ibsen's An Enemy [redacted] People [redacted] by [redacted] Peymann (51444 2218)

ZURICH

Opernhaus 19.30 Deborah Polaski sings title role in Ruth Berghaus' production [redacted] Elektra (251 [redacted]
[redacted] 20.15 [redacted] Vegh [redacted] all-Mozart programme with Salzburg Mozarteum Orchestra, [redacted] Heinz Holliger [redacted]. Tomorrow: Hagen Quartet plays string quartets by Mozart, [redacted] 1580)
Schauspielhaus [redacted] Moliere's Le Misanthrope [redacted] by Rudolf [redacted] (251 1111)

European Cable and Satellite Business TV

(all [redacted] CET)

MONDAY TO FRIDAY
Eurosport
0600-0630 International Business report
CNN
0500-0530 Moneyline
0800-0830 Moneyline
1230-1300 CNN [redacted]
1330-1400 [redacted]
[redacted] *World Business* Tonight - a joint FT/CNN production [redacted] a [redacted] of [redacted] day's major [redacted]
2300-2330 World [redacted] Tonight
[redacted] Moneyline
Superchannel
0700-0830 Financial Times [redacted] Report
[redacted] briefing broadcast [redacted] between 0700 and 0800
2130 (Wed only) Financial [redacted] Weekly - [redacted] round-up.

SATURDAY
CNN
[redacted] Moneyline
[redacted] World [redacted] Tonight - [redacted] joint FT/CNN production.
1540-1610 [redacted]
[redacted] World Business This Week
2110-2140 Your Money

SUNDAY
Superchannel
1800-1830 FT Business Weekly
CNN
0710-0740 Moneyweek
1540-1610 Your Money
[redacted] *Moneyweek*
0040-0110 [redacted]

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Wednesday February 27 1991

The beginning of the end

THE ALLIES were right yesterday to tell Saddam Hussein that he still had not gone far enough. Withdrawing from Kuwait is a necessary first step, but it was not accompanied by a renunciation of Iraqi claims to Kuwait nor by acceptance of the 12 United Nations resolutions and the tough but reasonable coalition conditions for a ceasefire.

But they would be wrong if they did not accept the inexorable logic of yesterday's first real concession of defeat by the Iraqi president, no matter how he otherwise dressed it up for internal consumption. The struggle for the liberation of Kuwait is being won by military means – but the politicians, diplomats and even the economists, not the generals, must soon move to centre-stage in determining the immediate future of Iraq, Kuwait and, with luck and patience, the rest of the region.

The guiding principle should remain that it is up to the Iraqis, and nobody else, to determine the fate of Saddam Hussein. The desirable end is that Iraq should no longer pose a clear and present threat to the security of its neighbours and it may be doubted that this can be achieved with Saddam Hussein in power. It would certainly help if the core of his military establishment, the Republican Guard, is further weakened on the battlefield in southern Iraq. As President Bush warned yesterday it would be unless Mr Saddam comes immediately to terms. But to fight all the way to Baghdad and then to impose a new leadership on the country would be no solution at all.

Lost battle

The cold fact is that Saddam Hussein has lost the "mother of all battles" without it even approaching his promised climax and without it engulfing the rest of the Arab world. It may take a little while for the Iraqis themselves to realise this. But if the patent distress of the unfortunate soldiers seen surrendering in droves yesterday is mirrored among ordinary Iraqis, whom Saddam Hussein has ruled by fear for so long, then his hold on the reins of power should be growing ever more tenuous. If it inspires elements in the military, his own Takriti clan or the Ba'ath party to take matters into their own hands, then so be it. There can be no guarantee that the next regime will be benevolent but it can hardly be worse than Mr Saddam's.

But his resilience at home should not be underestimated. A working assumption, until proved false, must be that he will cling to power much weakened, as President Nasser of Egypt was after his defeat in the 1967 war against Israel. Mr Saddam must be given no room to flourish again. This implies a continuation of sanctions, with exceptions made only for humanitarian assistance and, regardless of who is president, an arms embargo on Iraq (and much tighter controls on sales to everyone else in the region).

Iraqi humiliation

However, there may come a point when too much can be asked of a defeated and humiliated Iraq. Two of the UN resolutions address the questions of Iraqi reparations and war crimes. If even a quarter of the stories concerning the rape of Kuwait are true, it will be difficult to resist demands for recompense and justice while Mr Saddam remains in power. It is another incentive for the Iraqis to remove him. However, the lesson of history is that such demands should be tempered with political understanding.

President Bush, as leader of the coalition, will also find that his political responsibilities as victor are no less than they have been since Iraq invaded Kuwait. On the one hand, he has sometimes allowed himself to appear obsessed with the need to humiliate Saddam Hussein personally. His revulsion will have been increased by Monday night's Scud attack on the US barracks in Saudi Arabia, taking more American lives than have apparently been lost in the battle so far.

On the other, he built a 28-member coalition against Iraq, sustained it, and took it to war with considerable political skill. He has managed to keep Moscow more or less on side, no easy task given the turmoil in President Gorbachev's government, by acknowledging the legitimate Soviet interests in the Middle East.

On Saturday, in effect, Mr Bush handed over control to General Schwarzkopf, who is doing the job he was trained for with great professionalism. The time is near when he must take it back.

Running risk with ECGD

THE SQUABBLE between exporters and the government over the future of the Export Credits Guarantee Department must be settled soon. Otherwise uncertainty will drive much of the UK capital goods industry offshore, whether or not the government cares.

The latest [illegible] concern premium increases for export credit cover under the portfolio management system (PMS), which is designed to impose discipline on ECGD's finances. But it has raised again the question of how far the taxpayer should finance export credit insurance. The government must stop prevaricating and state what its policy is.

ECGD should not have open-ended access to taxpayers' funds. But its long-term business would not be viable without government backing. In setting disciplines, the government should look beyond the recent history of losses, explained by the debt crisis. It should seek more constructive approaches than the draconian regime demanded by the Treasury, which would lead to ECGD's eventual closure.

Exporters need credit insurance if they are to compete with their counterparts abroad. On big projects, the risk of non-payment is too great to go uninsured. Since the private insurance market finds the risks too hard to swallow, all industrial countries provide official export credit support. Only a government which cared not a whit for its capital goods industry would refuse.

Excessive price

The costs can be high. Net claim payments by ECGD currently amount to some £600m a year. The Treasury believes this is an excessive price for support of some £2bn of capital goods exports. But most of the claims arise from business underwritten when ECGD's criteria were laxer than today. They are the product of a debt crisis that was exceptional and should not determine policy.

Like any insurance company, ECGD needs a broad spread of risk. Its problem, as it shares with counterparts abroad, is the lumpy flow of project exports. Some 40 per cent of its business is conducted in six markets: China, South Africa, India, Indonesia, the Soviet Union and Hongkong.

New disciplines

The PMS seeks to contain ECGD costs by introducing new actuarial disciplines. Premiums are to be tailored more closely to risk. Cover availability is to be restricted in markets where ECGD is heavily exposed. There is a danger of overkill because premium levels reflect the lack of diversification of the portfolio, as well as the degree of risk.

South Africa continued paying export credit debt even after it rescheduled commercial bank loans. Its track record is good, but the PMS calls for an increase in ECGD premiums when, at about 8 per cent, they are already high compared with those of other agencies. France's Coface charges less than 3 per cent. Because British companies have to absorb this difference in their price, they have to be doubly efficient to succeed.

ODA's link with Alsthom is one example of how the uneven playing field is already driving project procurement overseas. To stop this trend, credit insurance must remain available in good, though over-exposed, markets, but at premiums that exporters can still afford.

One answer would be to make ECGD behave like other insurance companies and lay off part of its risk elsewhere. Risk could be swapped with other export credit agencies. The European Community could establish its own export credit reinsurance facility.

A reinsurance market for export credits would only develop around economic premiums. Otherwise, it would immediately run up against a free-rider problem. Such a market in turn would help bring economic premiums on to the primary market, too. The difference between ECGD's charges and those of other agencies would narrow. Exporters would then have fewer grounds for complaining that the government was doing its best to drive them out of business.

Defeat and victory in the Arab world are, like beauty, in the eye of the beholder. The Iraqis could have had few illusions left yesterday as they listened to President Saddam Hussein's rambling speech ordering his troops to withdraw from Kuwait against the background noise of yet another allied air raid on Baghdad.

The troops in Kuwait and the Iraqi population in general may have withstood 40 days and 40 nights of withering bombardment with stoicism. The Iraqi leader can also claim that a third world nation of 17m inhabitants has, albeit temporarily, stood up to a 28-nation coalition, infinitely superior in military hardware, funds and technology.

Neverthless, it is hard to see how Mr Saddam can tap the remaining wells of national pride when his military machine, the largest in the Middle East, has been routed, and when the entire modern infrastructure of Iraq is in ruins.

The analogies trotted out about Gamal Abdul Nasser, the Egyptian leader, converting military defeat into political victory, do not now apply – if they ever did. Never before in the Middle East has a country's economy been so systematically incapacitated. No amount of propaganda from the battlefield can conceal from Iraqis that the vital bridges over the Tigris-Euphrates are down, power supplies are dead, factories not working and oil exports, the lynchpin of their wealth, paralysed.

Both after Suez in 1956 and after the Six-Day war in 1967, Nasser could rely on his fellow Arab leaders and the Arab masses for moral and material support. He also found a willing supplier of weaponry and diplomatic patronage in the Soviet Union.

In contrast, Mr Saddam finds himself lonely, encircled and penniless. The Soviet Union can at best offer a diplomatic hand, but it has lost the ability to embrace client states and determine events in the region.

Oil experts believe it would take Iraq a good 15 years' oil earnings just to cover the reparations payments of over $60bn that Kuwait has suggested. If reparations were to be waived, this would still leave the cost of reconstruction in Iraq, conservatively estimated to exceed $100bn.

Nor is Mr Saddam likely to be able to export the oil that might set the wheels of his economy turning again. Iraq depends on pipelines through Saudi Arabia and Turkey to export more than 90 per cent of its oil. It is thus a prisoner of the goodwill of its neighbours, as demonstrated by the six-month-old economic embargo – and Mr Saddam has irrevocably alienated the rich and powerful in the Arab world by his annexation and rape of Kuwait. The Gulf states are owed $30bn of Iraq's [illegible] foreign debt. Arab friends and sympathisers are either weak, like Jordan and Yemen, or distant and ineffectual, like the Maghreb countries and Sudan.

If he stays at the helm, the Iraqi leader will be vulnerable to revolt, says Robert Graham

A disaster of Saddam's making

Arguably, the Gulf conflict marks a watershed in Middle East politics where national self-interest finally puts to bed the ghost of Nasser's pan-Arabism. Riyadh has fought Moslem to prevent the annexation of a sovereign state; western forces have been summoned to the land of the *hajj* by the guardian of the holy places; Ba'athist Syria has sided with the US against Ba'athist Iraq. In Iraq itself, Mr Saddam ditched 20 years of the Ba'ath party's secular socialist jargon and shrouded every action and imprecation in opportunistic Islamic language. And Israel has refused to be provoked by an Arab attack for the first time since its creation.

Mr Saddam's most enthusastic supporters have been the Palestinians or the under-privileged whose backing for Baghdad has been no more than a hopeless cry of protest against their own predicament. But since his first offer to withdraw from Kuwait on February 15, the Iraqi leader has dropped all insistence on a formal linkage with resolving the Palestine problem. He may claim some personal credit for putting Palestine back on Washington's Middle East agenda; but his dream of riding a white charger into Jerusalem has vanished.

The unfolding disaster has been entirely of Mr Saddam's making. It was his desperate enterprise to incorporate Kuwait as Iraq's 19th province last August; his decision to ignore United Nations Security Council resolutions, and his decision to spurn all diplomatic means to extricate himself. As countless among the growing army of Iraqi prisoners have told their captors: "This was Saddam's war."

For a dictator who has allowed full-length portraits to be hung in the capital, who has consciously fostered the glorification of his name on every street and factory, he cannot easily wriggle away from responsibility for the aggression, nor for the mistaken conduct of the war. He possessed no formal military training but appeared to take all the strategic decisions as commander-in-chief. He got away with the untold suffering wrought by the eight-year war with Iran from 1980 to 1988 by contriving to package stalemate as victory. The withdrawal from Kuwait punctures the carefully constructed image of invincibility and omnipotence so essential to rulers who confuse fear with respect.

In 11 years of power, Mr Saddam has constructed a brutally efficient regime, quashing the disparate elements in Iraqi society. Secretive and suspicious from his experience of fighting his way up the political ladder from the provincial town of Takrit, Mr Saddam has relied on a tight circle of relatives and cronies.

Beyond this, he has co-opted a vast army of agents, the apparatus of the Ba'ath party and the armed forces to support a highly centralised pyramid of power. With little clear ideology other than self-aggrandisement and a keen sense of survival, Mr Saddam hopes this group of Iraqis still feels its interests are best served by his remaining in office. He also knows that the opposition in exile is diffuse.

Recent Iraqi history suggests any revolt will come from within the inner circle, or possibly from among his military commanders. But the regime has become more brittle and is now vulnerable to popular pressures: not least the need to get the country moving after six weeks of near paralysis. Change from within would be more stable than if he were to be overthrown by a uncontrolled popular movement, which would bring to the fore all Iraq's fissiparous tendencies.

The allies are out to provoke his downfall by forcing a surrender wholly on their terms; thus although Mr Saddam's successor may be from the same clique, they have indicated that they would contemplate helping to get the country back on its feet. Overt allied interference in Iraq's domestic affairs could still furnish him with a cause – especially if the allies were to occupy parts of Iraq or take the war to the gates of Baghdad. One thing is certain: if he manages to stay at the helm, he will be a shadow of his former self, depending upon the will of his neighbours and unable to intimidate them.

Bush keeps up the pressure

Peter Riddell on the uncompromising mood in Washington

The US and its allies are on the brink of an overwhelming military victory – and President George Bush is in no mood to offer President Saddam Hussein a last-minute way out. He promised yesterday that the allies would "continue to prosecute the war with undiminished intensity" with a view to preventing Mr Saddam from saving "the remnants of power and control in the Middle East".

Having come so far, Mr Bush wants to press home the allied advantage as the Iraqi army is trapped in Kuwait and southern Iraq, not just to nail down the military victory, but to secure maximum leverage for post-war negotiations over the region's future. At stake over the coming days is the nature of Mr Saddam's defeat.

The fighting has broadened allied objectives beyond those of the 12 United Nations resolutions and the terms of Mr Bush's ultimatum of last Friday. While those are still formally on the table, they would have to be accepted by Mr Saddam himself and be accompanied by an expanded pull-out. But in practice the US and its allies are in no hurry for him to comply. They believe the cleanest end to the war would be if the Iraqi lines of retreat were cut off and the surrendering forces deprived of their arms and equipment.

In that respect, Moscow's diplomatic manoeuvrings in the past few days have become an irrelevant nuisance. Mr Bush yesterday did not even make the usual formal reference to Soviet efforts. The implicit message is that Washington is setting the terms since it has all the cards with more than 530,000 troops in the region. Those doing the fighting define the end of the war.

Over the weekend Mr James Baker, the US secretary of state, carefully drew a distinction between allied war aims – unconditional and immediate Iraqi withdrawal and restoration of the legitimate Kuwaiti government – and political aims set forth in the UN resolutions. The latter include restoration of peace and stability in the Gulf, defined by Mr Baker as ranging from the containment of Mr Saddam, if he remains in power, to regional security arrangements and economic reconstruction. The formal war aims are about to be achieved, but there is a long way to go to secure the peace.

Mr Bush's curt dismissal yesterday of Mr Saddam's statements as "trying to claim victory in the midst of a rout" reflected these varying aims.

First, Baghdad's order to Iraqi troops in Kuwait to withdraw does not indicate compliance with all 12 UN resolutions. Mr Bush argued there was no evidence of "remorse for Iraq's aggression, nor any indication that Saddam is prepared to accept the responsibility for the awful consequences of that aggression".

Second, one of the goals of the military campaign has been to destroy as much as possible of the Iraqi army, and especially its formidable array of tanks, artillery, and chemical weapons. The allied bombing campaign since mid-January has eliminated much of this, but the ground offensive is intended to complete the job. A key goal has been to take apart the Republican Guard units which are the backbone of Mr Saddam's regime. Many of these units are in southern Iraq and Mr Bush yesterday referred, significantly, to the need for forces both "those occupying Kuwait and those supporting the occupation", to lay down their arms.

As Mr Dick Cheney, the US defence secretary, pointed out at the weekend, destroying these forces would not leave Iraq without an army since it has substantial forces deployed along its Syrian, Turkish and Iranian borders. Iraq would retain considerable defensive capabilities but would no longer have the fourth-largest army in the world, capable of threatening its neighbours.

Many problems remain in ending the war. Even if Iraqi troops in Kuwait and southern Iraq are forced to surrender, will Iraq stop fighting? Will it come to terms on the release of all prisoners of war and third-country detainees? Is there a danger, in the current triumphalist mood in Washington, of Mr Bush ignoring the impact of continued fighting on Arab and European opinion?

Although the allies have made no secret of the fact that they would be delighted if Mr Saddam lost power, there is no sign of an expansion of war aims to include the elimination or capture of the Iraqi leader. The hope is that Mr Saddam will be so publicly humiliated that his power will be broken and his own military and people incited to oust him.

A Saudi with a mission

■ If His Royal Highness Prince Alwaleed bin Talal, one of several thousand Saudi princes, can afford to bail out Citicorp, the biggest bank in America, how come he is not ranked up there with the world's other billionaires?

The answer is simple enough. A couple of years ago the 35-year-old prince rang up Forbes, the US business magazine, and asked to be included in its famous annual list of the world's wealthiest. "This guy really wanted to be on the list" says Harry Seneker, Forbes' billionaire expert. "He wanted it to be known that he had plenty of cash and was ready to deal".

However, even Forbes' has its principles. Unlike many members of the Saudi royal family, Prince Alwaleed's problem is that he is a bit too close to the top of the Saudi royal tree for Forbes' liking. "If we included this guy we would have had to include every other goddam royal in the world", says Seneker, whose biggest headache is checking out who's who in Middle Eastern money.

To be fair, US-educated Prince Alwaleed is no Saudi Arabia's answer to Donald Trump. He has not yet acquired the reputation of more flamboyant Saudi tycoons like Adnan Khashoggi or Ghayth Pharaon. But he is very different from most young Saudi princes.

For a start his father, Prince Talal bin Abdul Aziz, a son of Saudi Arabia's founder, was one of the earliest angry young men in the Kingdom. His son has inherited some of this radicalism. Meetings tend to be unusually short, and Prince Alwaleed makes no secret of his wish to be seriously rich.

Citicorp now says the prince was "only kidding" when he once said he would love to be a corporate raider. But he is being advised by a Washington firm of corporate raider building, and he just may have his eye on a plum Citicorp investment – its 40 per cent stake in Saudi American Bank.

What better way for Citicorp to repay the Prince's kindness than agreeing to swap this stake for the Prince's shares when its own problems are behind it?

OBSERVER

Savings news

■ NatWest announced yesterday a rather startling piece of news. It had managed to save 4,000 jobs in the UK last year and hoped to save a total of 15,000 jobs over the period [illegible] news, indeed, for those who thought they were waiting outside the bank's departure lounge.

But, alas, the announcement was not all it seemed. NatWest was using the verb *save* in a [illegible] sense. What it actually meant to say was that it had lopped off 4,000 jobs last year.

This could explain why banks, when they talk about saving money, actually mean the complete opposite.

Brief talk

■ Candid confessions about the technical illiteracy of politicians enlivened yesterday's annual lunch of the Parliamentary and Scientific Committee in London.

President Sir Ian Lloyd, chairman of the Commons select committee for science and technology, introduced his guest, John Gibbons, the director of the US Office of Technology Assessment, by noting that the commons is not a numerate organisation. Gibbons, equally sceptical about his masters, responded with a droll reference to the classic schoolboy essay on Socrates. "He was a great man. He gave advice to others. He was poisoned."

"Our job is to help focus and shorten the political debate - not to solve the political debate," said Gibbons. In serving politicians his office was "careful about how much mathematics is used". President Eisenhower had been shocked to learn that half the US electorate was of below-average intelligence.

Brevity was another [illegible] imperative. Gibbons quoted the British mathematician and author Lewis Carroll as saying "there is nothing so worthless as a map laid out on 1:1 scale". It applies to business people just as well.

Tax barrier

■ What would happen to 10 Downing Street or the White House if the US and UK tax authorities were as tightfisted as the Norwegians

Norway's prime ministers normally live in their own houses instead of moving into the official residence, because they are taxed so heavily on the benefit. Hence the semi-palatial pile in Oslo's Teungen Allé, built in the 1930s, has lain empty for years.

The dust sheets are about to be lifted, however, for Foreign Minister Thorvald Stoltenberg. He is moving in because he let his own house when he moved to his previous job in Geneva as UN high commissioner for refugees.

All the same, unless the tax authorities relent, his tenure is likely to be short.

Upgrade

■ The North British Hotel, that wonderful grimy old hulk at the end of Princes Street in Edinburgh, has disappeared. Yesterday, after more than two years of stone cleaning, redecoration and general upgrading it reopened as the Balmoral.

"It isn't the best time to be opening a five-star hotel," says Peter Tyrie, who paid £10m and has spent another £23m refurbishing it. "But it is a long term project."

Tyrie first tried to realise his dream for an Edinburgh-based luxury international hotel group in the early 1980s with Gleneagles Hotels before that company was taken over. After a stint running Hong Kong's Mandarin, he returned to the UK. So far Balmoral owns just one other hotel, the Old Swan in Harrogate, but Tyrie has big ambitions.

The North British name has gone because "it means nothing to people, especially outside Scotland, whereas Balmoral exudes Scottishness, quality and royalty." Not everyone agrees. Peter de Vink, the not-so-young Edinburgh financier, says it should have been renamed the New Balmoral.

"Then we could go on calling it NB just as we did before."

Confused

■ Overheard in a New York literary salon. What do you get when you cross a Mafia mobster with a deconstructionist?

An offer you cannot understand.

Foreign Affairs

Diplomatic failure exacts a price

US primacy in the Middle East, assured by the impending allied victory in the Gulf, will upset the region's balance of power, says Robert Mauthner

In the end, it will be force of arms which will have settled the Gulf conflict. International diplomacy, so much in evidence at the beginning of the crisis, has singularly failed to provide the required solutions during its *dénouement*. That is a particularly sad conclusion given the fresh [illegible] which the United Nations had begun to show in dealing with international problems, including, notably, the threat to world [illegible] provoked by Iraq's invasion of Kuwait.

It was the end of the Cold War in Europe and the ensuing honeymoon in US-Soviet relations which seemed to give the United Nations a new lease on life. Long crippled by [illegible] power rivalry and the resulting use of the veto in the Security Council, the UN was suddenly given *teeth* by the *willingness* of the US and the Soviet Union to collaborate in attempting to solve hitherto intractable world problems.

If the US was able to muster the necessary support *for a* series of 12 Security Council resolutions calling, primarily, for the withdrawal of Iraqi forces from Kuwait, and to put together the most formidable coalition of disparate forces since the Second World War to enforce this objective, this was made possible only by the co-operation of the Soviet Union. But there was always a risk that the alliance would disintegrate, either because of the tensions caused by the hostility of public opinion in some of the Arab partners to a US-led operation against another Arab country, or the failure of the coalition to adhere strictly to the aims laid down in UN resolutions.

In order to prevent such centrifugal tendencies, a great

It has taken a long time for the allies' hidden agenda of war to become a practical agenda

show has been made by the US and its allies throughout the crisis to maintain that their only war aims were those stipulated in UN resolutions: to secure the withdrawal of Iraqi forces from Kuwait, the return of the legitimate Kuwaiti rulers and the restoration of peace and security in the area. Everyone recognised, however, that peace and security would never be ensured in the region as long as President Saddam Hussein remained *in* power and his military forces were preserved largely intact. In the last few days, the real additional war aim has been signalled more frankly by some of the main protagonists. A post-war settlement would be "a heck of a lot easier" to achieve if Mr Saddam Hussein were no longer in power in Iraq, according to Mr James Baker, the US secretary of state.

War, of course, *has its own* dynamic. Diplomatic solutions [illegible] only a few months, days or hours earlier, become entirely unrealistic as one side or the other secures the dominant *military position on the* ground. That [illegible], however, that such solutions would never have been runners at all if they had been put forward earlier or in other circumstances. The conditions acceptable to the US and its allies once the decision to launch a ground battle had been made, let alone after their forces had penetrated deep into Kuwait and Iraq and had begun to encircle the élite Republican Guard, were bound to be tougher than those they might have agreed to earlier in the crisis.

Thus, last week's 11th-hour Soviet peace plan, proposing the withdrawal of Iraqi forces from Kuwait within 21 days – accepted by Mr Tariq Aziz, the Iraqi foreign minister, but rejected by President George Bush – might well have formed the basis of a compromise at the time of the abortive Geneva meeting between Mr Baker and Mr Aziz in early January. At that moment, the [illegible] decision to launch a military assault on Iraq, with [illegible] consequences, still remained to be taken. More than a month later, following the relentless allied air bombardment *of Iraqi forces*, cities and infrastructure and the massive build-up for a ground war, President Bush could no longer seriously contemplate a solution giving Mr Saddam *Hussein even a slim* hope *of* survival by saving some of his best military forces.

Yet it has taken a long time

The Soviet peace proposals could have been a basis for a compromise by James Baker and Tariq Aziz at Geneva

for the coalition's hidden agenda of war aims to become a practical agenda and it is certain that, for many months since the Iraqi invasion of Kuwait on August 2 last year, a real desire to solve the crisis by diplomatic means existed on the allied side. But the practice of diplomacy requires much greater flexibility and a much [illegible] sense of timing than Mr Saddam Hussein ever demonstrated. Until very recently, he never gave the slightest impression that he was prepared to accede to UN demands on the central issue of the whole conflict, an Iraqi withdrawal from Kuwait and the restoration of its government. His concessions always came much too late, at a time when they had already been largely overtaken by events.

Any *euphoria* on the *part of* the international community at having comprehensively defeated President Saddam Hussein by military force should be tempered by the realisation *that a price will* have to be paid for this failure of diplomacy. The coalition's impending military victory has established the US as the undisputed number one superpower and is likely to upset the regional balance in the Gulf. At the beginning of the war, and in spite of the diminished power of the Soviet Union as the result of its *internal political* and economic problems and its withdrawal from eastern Europe, Moscow was still a more or less equal superpower, assiduously wooed by Mr Bush in his efforts to build his anti-Iraq international coalition.

Since last weekend, however, when it spurned Mr Mikhail Gorbachev's peace plan, the US has shown that it is prepared *to ride roughshod* [illegible] the Soviet Union and, in the last resort, to impose a Pax Americana by force. It is true that both Mr Bush and Mr Gorbachev have emphasised that *neither their personal relations* nor the desires of their governments to co-operate closely with each other have been undermined by the whole affair. But these protestations can *only be valid in the right* kind of international and [illegible] political climate. That ideal climate, briefly present at the height of the US-Soviet love-in last year, no longer exists. Indeed, yesterday Mr Gorbachev publicly admitted that US-Soviet relations were still "fragile".

A weakened Mr Gorbachev, who has been heavily criticised by conservative political and military leaders in the Soviet Union for his abandonment of Iraq and support of the US during the Gulf conflict, will not be an easy partner to deal with when it comes to working out the much-heralded regional peace settlement. It would be surprising, in any case, if Mr Gorbachev did not share the widespread Soviet suspicions about the motives behind the US military intervention in the Gulf, namely that Washington wants to establish a permanent military foothold in the region.

Mr Gorbachev, it is certain, will try to compensate for his incapacity to deal with the huge domestic problems he is facing, by underlining his stature as an international statesman and defender of Soviet interests *abroad*. He will doubtless want to make sure that any US and other western military presence in the Gulf, within only a few hundred miles of the Soviet Union's southern borders, will be strictly limited in time and size.

Anxious for the Soviet Union to re-establish itself as one of the chief players in the Middle East, he can also be expected to capitalise on [illegible] public opinion throughout the Arab world by insisting that a settlement of the Palestinian problem should be given a high priority in any Middle East peace conferences and negotiations. Many of the US's coalition partners, including perhaps even Britain, would back such efforts, which would be

A weakened Mr Gorbachev will not be an easy partner to deal with in making the peace

hotly opposed by Washington's main regional ally, Israel, and thus, probably, by the US itself.

Having won a resounding military victory, the US thus faces an even tougher diplomatic task to work out a regional settlement, during which it could lose many of the Arab friends that it gained in the Gulf crisis. It is by no means clear that its preparations to win this equally important *battle* have been anything like as thorough as those which have brought it success on the military front.

Training Britain's unemployed

Why the Tecs need new objectives

By Richard Layard

Unemployment in Britain is rising. Yet at the same time training programmes for the unemployed are under threat.

Many of the government's employer-led training bodies, the Training and Enterprise Councils (Tecs), would prefer to train the employed rather than the unemployed. This attitude is understandable, but is it right?

I do not think so. Let us start with a common view among employers. This is that employed people are better "training material" than the unemployed. They have shown that they can hold down jobs, and so there is a good chance they can benefit from training. Any spare public money for training would best go towards helping them.

But this [illegible] the central point. An employee is already producing something. When he is trained, he produces more. But an unemployed person is producing nothing. If training him helps him to get a job, it raises his production massively.

For example, training an employed [illegible] productivity from, say, [illegible] to [illegible] a week – a yield of [illegible]. But training an unemployed person, even for a [illegible] job, gives a yield of [illegible]. Both projects can yield high returns.

It may be said that this argument is exaggerated, since many unemployed people eventually find work anyway. But that is irrelevant. For [illegible] unemployed people are operating in markets where there is excess supply of labour (due to some form of wage rigidity). So if one person gets a job, someone else fails to do so. The solution is to move people out of those markets, and into markets where there is excess demand.

When people are removed from a market where there is excess supply, output there remains unchanged, while at the same time output rises in the excess-demand market to which they are transferred. The total change is the whole *of what they produce in the* market with excess demand ([illegible] in our example).

This is a crucial point. Training unemployed people not only raises individual potential, but also changes the level of employment. That was the rationale for Employment Training, the government's training programme for the adult long-term unemployed. But the Tecs are now responsible for Employment Training, and there are disturbing rumours that they would like to twist the programme to fit other preconceptions. In at least one Tec the objective of serving the local unemployed appears as the 6 out of the Tec's six objectives.

Politically, the Tecs are in a strong position. The government has cut training budgets. In return, the Tecs demand the maximum flexibility in how

Effects of a package	
Nos. on benefit	[illegible]
Savings	[illegible]
Cost	£1.5bn

Training the unemployed not only *raises individual* potential, but also changes the number of jobs

they spend the money. But both efficiency and equity require that the government should protect, and extend, its active help to the unemployed.

In terms of good housekeeping, spending money saves money – by saving on benefit and lost taxes. Each extra unemployed person costs the taxpayer £8,000 a year in benefits and lost revenue.

Comparative evidence shows that where countries such as Germany and Sweden provide more "active" help to their unemployed, this does reduce their unemployment. And this "active" expenditure pays for itself in savings on "passive" benefit and lost taxes.

This is one reason for the New Framework* that OECD finance ministers agreed last year for handling unemployment. The idea is to expand "active" help, and save public money wasted on "passive" benefits that support people in unproductive idleness.

If Britain were to implement the New Framework, it could, like Sweden, eliminate long-term unemployment, and reduce its total expenditure on the unemployed. Two main steps are needed.

First, more and better training – focused on those who have been unemployed for between six and 12 months. Sweden spends twice as much per trainee as Britain does, and *employers there queue for* experienced workers who have been retrained for the industries of the future.

Second, Britain needs much better Job Centres, with the resources to buy training or, in the last resort, to offer subsidies *to private and public* employers so as to ensure that no unemployed person will be idle for over a year. The accompanying table shows my calculations of the results of one feasible programme.

But a shift of this kind will only happen if the right people are responsible for the right things. Above all, the people who pay the benefits must be the same people as those who spend the money available for "active" help. No one [illegible] of [illegible] cares enough about controlling unemployment to allocate resources effectively.

So the first step is for expenditure on benefits to be transferred to the Department of Employment. The next step is at the local level. Job Centres (which will pay the benefits) must also have the resources to buy training and jobs. So either the Tecs must be put in charge of the Job Centres as well as *training*, or the money for training must be given to the Job Centres – which could then spend it as they chose (including via the Tecs).

The Tecs do not have the right incentives. Either they must be given these incentives, or others must be given the power to fight unemployment.

**Labour market policies for the 1990s, OECD*

The writer is director of the Centre for Economic Performance at the London School of Economics

LETTERS

Sir Bob injects urgency into rail plans

From Mr David Gillan.

Sir, It is heartening that, only four months after taking over as chairman of British Rail, Sir Bob Reid is already injecting a new sense of urgency into the railway's procurement aspirations ("BR [illegible] overhaul in financing", February 22).

For manufacturing industry, which has geared up to meet the re-equipment needs identified by British Rail's business sectors in the 1980s, the last 18 months have been characterised by delays in invitations to tender.

Precious time in the vital re-equipment programme of Network SouthEast, in particular, has been lost as projects are subjected to repeated financial analysis in an attempt to secure a top ranking within the limited investment available.

For example, only 580 Networker [illegible] trains are on order, while the [illegible] for a further 500 awaits government approval.

According to the original plans, all these trains should have been delivered by mid-[illegible] *which is clearly now* impossible.

In addition, industry is waiting to tender for the trains urgently needed to relieve overcrowding on the Kent Coast *and Fenchurch* Street services.

Britain's railway industry has the products and capacity to meet Sir Bob's priorities as fast as he can find the funds. With our new technology, such as electronic signalling and the Networker train, generating much higher returns on investment than the equipment it replaces, the case for removing artificial restrictions on British Rail's commercial borrowing powers is strong. Three weeks ago, BREL – our largest rolling stock *manufacturer – announced* 1,200 redundancies at a time when the need for new trains is clear.

I hope Sir Bob's remarks do not fall on deaf or worse, unlistening, ears.

David Gillan,
director,
Railway Industry Association,
6 Buckingham Gate, SW1

Industry right to call for lower exchange rate

From Mr Julian Callow.

Sir, Samuel Brittan is somewhat selective in the use he makes of calculations of sterling's real exchange rate to defend sterling's central rate against the D-Mark (Economic Viewpoint, February 14).

He bases much of his argument *on the real exchange rate* of sterling against the D-Mark. Sterling's real exchange rate should be calculated against a basket of currencies of Britain's trading partners: the *effective real rate should be* considered.

This is particularly important for the UK since only about [illegible] per cent of its exports go to Europe, compared with an average [illegible] per cent for the other ERM countries. The sterling-dollar rate is particularly important for the competitiveness of UK industry. [illegible] sterling's effective rate is considered, then on unit labour cost comparisons sterling's real effective rate is currently 15 per cent, 20 per cent above its average over the past [illegible] years (using IMF data).

Mr Brittan also ignores another measure of sterling's real exchange rate, which is to use relative export unit values rather than relative unit labour costs. Using relative export values, sterlings's real effective exchange rate is virtually as high as it has ever been [illegible] at least the [illegible] and about 10 per cent above its 15-year average.

This all shows that British *industry* is *right* to call for a lower exchange rate against the D-Mark. The D-Mark is likely to remain a strong currency within Europe and against the dollar and yen for the next few years, because of the special condition of the German economy. The UK's trade with Europe and its other trading partners will suffer badly if the UK continues to adhere to a central parity of DM2.95 within the ERM.

The government should acknowledge that it erred over the rate at which it took sterling into the ERM and persuade the Italians and the French that it is time for a D-Mark revaluation within the ERM. Otherwise Europe's economies face a miserable decade.

Julian Callow,
international economist,
Chase Manhattan Bank,
Coleman St., EC2

Consistency in argument please

From Mr John Duffield.

Sir, Perhaps Ms [illegible] (Letters, "Commission disclosure", February 23) would explain why the Consumers Association seemed to want life offices alone to disclose costs.

For consistency, I would expect her to argue that when I buy a washing machine, I should be told how much the retailer gets for selling me each make – this being the [illegible] equivalent of a broker's commission – and what the difference is between the cost of each machine and its scrap metal value – this being the [illegible] equivalent of total charges.

John Duffield,
64 Spring Grove,
Loughton,
[illegible]

Defending public sector child care

From Mrs Hermione Parker.

Sir, I would like to develop Joe Rogaly's comments (Politics Today, February 15) on child care. Does he, I wonder, draw a distinction between vouchers financed by government, and vouchers financed by employers as part of an employment contract?

Vouchers financed by government would count, presumably, as public expenditure, and the extra [illegible] at the expense of [illegible] in child benefit. So I agree with David Willetts that this is not a good idea.

However, vouchers financed by employers are a different matter. By making them tax-free, within fixed limits, government would enable more mothers to take paid work. This would save expenditure on means-tested family benefits, increase tax revenues, and encourage output. It would also have a powerful impact on family poverty. Neither child benefit nor [illegible] can replace earnings, but they can be platforms for [illegible] through paid work.

Public [illegible] involvement in child care should not be written off. The solution could be a mixture of public and private sector involvement and regulation, with central government providing the tax relief, local government the premises, local communities the voluntary help, and [illegible] funding vouchers or workplace nurseries, according to their needs.

Hermione Parker,
Nettlefield,
Pirbright,
Surrey.

House of Fraser answers reports on Harrods Bank

From Mr Michael Cole.

Sir, Three reports about Harrods Bank Ltd appeared prominently in the Financial Times of February 19 1991. They referred to allegations made by Mr Graham Jones in two letters written in confidence to the governor of the Bank of England.

Mr Jones was the chief financial officer of this company until January 1990 when he was dismissed. Allow me to answer the allegations with facts.

It is not true that Mr Al Fayed takes a direct interest in the management of the bank. Mr Alex Wishart, the general manager of the bank, who is mentioned in the letters, said Mr Jones's allegation was "utter nonsense".

I have good reason to believe that another *former director of* Harrods Bank, also cited by Mr Jones, shares Mr Wishart's view.

Mr Plender took the opportunity of repeating matter contained in the DTI report into the takeover of House of Fraser but did not find space for the equally important point that the methods and findings of the inspectors are presently the subject of an appeal by this company to the European Court of Human Rights, an appeal which we have every reason to believe will be successful.

It is almost six years since Harrods Bank was acquired by *this company and in that time* no complaint has been levelled that the interests of its depositors have been prejudiced in any way whatsoever. This speaks louder than any words, particularly words [illegible] in "confidential" correspondence from such a source as Mr Jones.

Michael Cole,
[illegible],
House of Fraser Holdings,
14 South Street,
W1

FINANCIAL TIMES
Wednesday February 27 1991

IMPACT OF ARMS CUTS

Brussels considers aid for defence companies

Martin Bangemann: hint of aid for defence companies converting to civilian [illegible]

THE European Commission is considering helping European defence companies which want to ease the impact of military budget cuts by expanding their civil operations, writes Andrew Hill in Brussels.

In particular, the Commission may be prepared to offer financial support for research and development projects with dual civil and military applications.

A Commission official, however, [illegible] yesterday that [illegible] not amount to an [illegible]rgency package for defence groups similar to that approved last week for European airlines affected by the Gulf war. "If they [the defence industry] come up with good ideas, we are prepared to help them out," he said.

The Commission also wants to encourage more cross-border co-operation [illegible] European defence groups on dual-application projects.

Mr Martin Bangemann, industrial affairs commissioner, hinted at the possibility of EC support for conversion from defence to civil activities at a meeting with European aerospace companies on Monday.

[illegible] "considerable human resources" should be channelled towards civil aviation projects and added that the pressure on civil airlines made the need to develop new products all the more important.

Most European companies with strong defence interests are working on development projects in "neutral" technologies which could have dual applications – such as computer software – and some of those projects already benefit from EC [illegible].

One sector analyst in Brussels, however, said the Commission had so far "not readily acknowledged" [illegible] projects were dual purpose.

Members of the European Parliament are enthusiastic about an EC "swords-into-ploughshares" policy and have urged the Commission to step in with training and regional aid programmes in areas of the Community affected.

The Commission is awaiting a report by outside consultants on the defence industry's ability to adapt to a new era of peace in Europe. It has also initiated a study on the competitiveness of the European aerospace industry which should be completed July.

THE LEX COLUMN

NatWest bites the broking bullet

The logjam in the UK [illegible] industry seems to be breaking [illegible] last. When National Westminster's chairman stated publicly yesterday that he was giving County NatWest's stockbroking operation "one or two years" to get back into profit, he must have known that he was sealing County's doom. In an industry so grossly over-supplied, corporate and institutional clients have no reason for loyalty when the parent bank equivocates. And if County's analysts, salesmen and market-makers take the hint and move elsewhere, so much the cheaper for NatWest when the formal closure comes.

It is apparently NatWest's intention to remain in other areas of investment banking such as venture capital, corporate finance and fund management. It may not prove so easy to unpick parts of an operation founded on discredited theories of integration. In any case, County has a weaker reputation as a merchant bank than as a stockbroker. Nor is it clear that NatWest has yet resolved the fundamental differences of culture between clearing and investment bankers.

But it remains the case that in pocketing its pride, NatWest has opened the way for other proprietors of loss-making broking firms to follow. It becomes increasingly possible to see a future in which the architects of disastrous Big Bang strategies have retired and left the field to a younger generation to whom the name of broking is anathema. It may even be possible to imagine a yet distant future in which stockbrokers are a scarce and profitable commodity. Some day, anyway.

NatWest

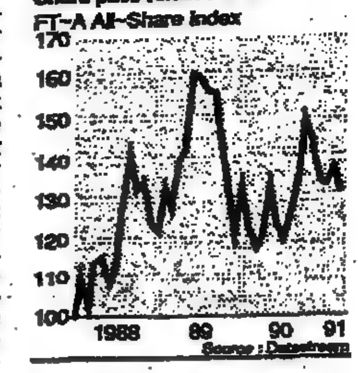
As for NatWest's [illegible] results yesterday, the figures were a reminder that the recent [illegible] in bank [illegible] should be [illegible] with [illegible]. NatWest made just £73m in the second half, so its failure to increase the final dividend only emphasised how much it overpaid at the interim. The full year dividend, up 5 per cent, was only 70 per cent covered. Provisions against UK bad debts more than doubled to £855m, two-thirds of this in the second half: not as bad as Lloyds Bank, but Lloyds was chasing market share much more aggressively and was always likely [illegible] have a higher proportion of [illegible].

[illegible] positively, the £591m [illegible] pre-tax profits reported by NatWest's UK financial services division neatly matched the entire group profits announced by Lloyds last week. That suggests mainstream banking remains a juicy business, if the bank could only prune its alarmingly high cost base more aggressively and stem its losses from the international division. The cost-income ratio slipped above 70 per cent and, despite talk of huge staff cuts by 1993, the overall headcount is set to remain steady. Something has to give.

On the evidence so far, real dividend growth will be a fond memory for most banks until at least 1992. With profitability still under pressure from the lagged effect of bad lending, there is a case for buying the shares in hopes of recovery; but not while dividend policies remain so inconsistent, nor while ludicrous prospective multiples persist. Depending on forecasts, NatWest shares at 295p are on anything between 16 and 25 [illegible] year's earnings.

British Aerospace

Share price relative to the FT-A All-Share Index



British Aerospace

British Aerospace remains one of the most perplexing stocks in the London market. Its chief products – bombs, bullets and warplanes – are presently being employed in horrendous quantities in the Gulf. It has just produced a 12 per cent rise in full year earnings and a 10 per cent increase in dividend. The rise in payout, at least, ought to be repeatable this year, making BAe almost unique in the engineering sector. At yesterday's [illegible], the [illegible] stand [illegible] prospective multiple [illegible] around 6.

Part [illegible] the market's problem is simple ignorance of how the company [illegible] its money. There is much publicity about Rover, Airbus, property sales and construction expertise in the Middle East. But all that adds up to less than a fifth of group profit. The rest comes from a black box labelled "defence" and therefore classified. The 52 per cent rise in last year's defence profits will have come partly from the Tornado, partly from the Saudi programme and partly from the Gulf war itself. In the absence of any detail, the assertion that declining volume in future will be offset by lower costs and higher margins on systems and spares must simply be taken on trust.

So also must the outlook for Rover cars, given that the company will not disclose whether they are making any money. There seems no end to the group's secrecy. But the key to the shares, as BAe itself remarks, lies in whether or not the market can be induced to put its confidence in the management. The day that happens, of course, it will be too late to buy the shares.

Unilever

Unilever's fourth quarter figures are more encouraging than they look. Underlying growth has certainly slipped a bit. However, the meagre 2 per cent advance in quarterly operating profit jumps to 9 per cent net of exceptionals and property. In the full year, the star performance came from Europe, notably Germany, with a much more mixed picture in North America and the Far East. Detergents, personal products and frozen food all came under fierce competitive pressure in Japan, and it may be another year before losses in this market are reversed. This year's prospects, though, seem largely geared to the scale and timing of recovery in the US economy.

The most eye-catching item yesterday was the £195m of extraordinary costs relating to closures and other reorganisation in Europe. Unilever last made a charge like this in 1984 and has a reputation for taking its punishment above the line. Accounting conventions, on the other hand, make no difference to cash flow. The decision is a welcome acknowledgement that life in the single market, initially at least, is going to be much more competitive. The programme will be spread over three years, the cash effect will be more like £100m and the gauntlet has been thrown down to Nestle and BSN. At last night's 719p, the 3.4 per cent yield expects much from the 1990s. But then, it was because the market expected too little of the 1980s that the shares outperformed by 100 per cent in the decade.

Gorbachev attacks Yeltsin on reforms

By John Lloyd in [illegible] and Anthony Robinson in London

PRESIDENT Mikhail [illegible] yesterday sought to regain the political initiative from his arch-rival Mr [illegible] Yeltsin, [illegible] president, with a speech blaming "a most intense power struggle" for pushing the Soviet [illegible] off [illegible] road of reform.

Over [illegible] last 12 to [illegible] months, [illegible] said, [illegible] Soviet Union [illegible] been pushed "on to [illegible] path of confrontation right up [illegible] civil war", charging that [illegible] struggle between himself and radicals like Mr Yeltsin was responsible [illegible] failure [illegible] reforms [illegible] deliver [illegible] prosperity [illegible] stability.

Addressing [illegible] audience [illegible] and intellectuals [illegible] the Belorussian capital of Minsk, [illegible]: "[illegible] struggle became particularly fierce when perestroika reached its decisive phase – the redistribution of power and prosperity on a democratic basis."

Earlier Mr Gorbachev [illegible] a ringing defence [illegible] his perestroika policies [illegible] an audience [illegible] factory workers in Minsk.

In his [illegible] public political meeting since August [illegible] leader said the country "had [illegible] move [illegible] towards the market" [illegible] criticised Mr Yeltsin, who recently called [illegible] his resignation, for [illegible]ing perestroika as a doomed half-measure.

In response to questions from the [illegible] he [illegible] "It would be [illegible] simple if everything boiled down to our personal relationship. What [illegible] at [illegible] political lines and associated strategic goals." Dropping the policies [illegible]ated with perestroika, he added "would be the greatest mistake we could [illegible] make."

Mr Gorbachev revealed [illegible] republican leaders had completed a draft agreement on price reform yesterday and that price [illegible] would follow its signing in three or four days time.

He did not disclose, however, [illegible] levels [illegible] compensation to be paid [illegible] the population to compensate for the price rises, nor if all republics had [illegible] draft.

He [illegible] predicted that a draft union treaty designed [illegible] a new federal system would [illegible] completed by March 5, [illegible] which it would [illegible] to all members of the Federation Council, the body which brings together the republican [illegible].

Mr Gorbachev is [illegible] visit contaminated areas [illegible] Belorussia, large [illegible] which have been turned into a radioactive desert after the Chernobyl nuclear disaster five years ago. His gesture is designed to ward off criticism that he has neglected the needs of ordinary citizens in his preoccupation with foreign affairs and Kremlin infighting.

Ukranian miners strike; Moscow-Georgia tensions worsen, Page 7

World trade talks resume after break, seek rapid conclusion

By William Dullforce in Geneva

THE URUGUAY Round of [illegible] on [illegible] world [illegible] was formally put back [illegible] yesterday, [illegible] on a slow track.

Ten weeks after world trade ministers, meeting in Brussels, [illegible] to resolve outstanding [illegible] at what [illegible] supposed to be [illegible] concluding [illegible] sion of [illegible] four-year [illegible]ercise, the Round's governing body [illegible] resume negotiations "with the [illegible] of concluding them [illegible] soon as possible".

"Experience has taught us that fixing target dates [illegible] not always helpful," [illegible] Arthur Dunkel, director-general of [illegible] General Agreement on Tariffs and Trade (Gatt), told [illegible] trade negotiations committee.

Mr Dunkel, appointed by ministers to find ways of salvaging [illegible] talks, [illegible] a new work programme, regrouping [illegible] 15 [illegible] under negotiation for the past four years, into seven categories. But he stressed that the target date would have to "emerge from the negotiating process".

Among the determining factors will [illegible] George Bush's success in persuading [illegible] US Congress to extend his "fast-track" negotiating authority for two years and the reform of the EC's [illegible] Agricultural Policy (CAP).

Yesterday the [illegible] House said that Mr Bush will ask Congress to extend the [illegible] line. He must request the [illegible] by March 1, after which Congress has 90 days in which to refuse it. Most observ[illegible] expect [illegible] EC's 12 member [illegible] to wrangle [illegible] CAP [illegible] for [illegible] months.

[illegible], the signal for the resumption of the Gatt talks was given last week, when the [illegible] accepted Mr Dunkel's formula for negotiating the [illegible] of world farm trade.

Talks on agriculture will resume on Friday but will initially be confined to clarifying technical matters. During March negotiators will [illegible] up discussions in six other areas, beginning with textiles and clothing on March 5, moving into trade in services on March 8 and then, successively, into revision of Gatt rules; intellectual property rights and investment; a new mechanism for the settlement of disputes; and [illegible] lowering of [illegible] other barriers to imports.

German tax increase provokes criticism

By David Marsh in Bonn

THE [illegible] government yesterday ran into a storm of criticism after comprehensively reneging on its pre-election pledges by adopting a package of tax increases to raise an extra DM48bn [illegible] in [illegible] for 1991 and 1992.

The tax increases, concentrated on a 7.5 per cent income tax surcharge from July 1 and a 25-pfennig tax increase on a litre of ordinary-grade petrol, are deemed necessary to meet the costs of economic restructuring in eastern Germany as well as payments for the Gulf war. Taxes on insurance and tobacco will also be increased, while value added tax is to rise to 15 per cent from 14 per cent in 1993.

Taking into account increases in unemployment benefit contributions and cuts in payments for pensions taking effect on April 1, the tax and levy increases will deduct about DM55bn from German purchasing power during the year from July 1.

The larger-than-expected total, roughly 2 [illegible] cent [illegible] product, [illegible] to the largest higher tax package in modern German history.

In spite of present booming economic activity in western Germany, this is bound to exert a depressive effect on the economy during the next 18 months.

The package will add an estimated 0.6 percentage points to German inflation in the third quarter this year.

Mr Theo Waigel, finance minister, announced the revenue-raising measures in the early hours of yesterday morning after a late-night meeting of coalition partners.

Bonn proposes Eurofed delay

Continued from Page 1

lic deficit or debt to its gross domestic product, or to its savings level, were out of line with the Community average by more than an amount to be fixed in the treaty, "appropriate measures" should be taken. These could range from reprimands to a cut-off in EC funding. No other EC state believes in writing such an automatic trigger for disciplinary action into the treaty, and most want details of economic discipline settled in secondary legislation.

Bonn is proposing that operations on exchange markets vis-a-vis third currencies would be decided unanimously by EC finance ministers, but the Eurofed could only intervene if its "prime role" of assuring price stability were not endangered. [illegible] words, the central [illegible] would not have to carry out the politicians' orders to buy [illegible] sell [illegible] if that meant creating many Ecus and boosting money supply [illegible] infla[illegible].

Elation in Baghdad gives way to fear, bitterness

By Lamis Andoni in Baghdad

REPORTS OF an Iraqi withdrawal from Kuwait sparked [illegible] celebrations on [illegible] of Baghdad amid hopes that the [illegible] about [illegible] end.

Initial elation, however, soon gave way [illegible] concern that Iraq might not be spared further bombardment by the allied [illegible] and a sense [illegible] among ordinary Iraqis about what they saw as their [illegible]donment by other Arabs.

In his radio address yesterday, [illegible] Hussein warned [illegible] an Iraqi withdrawal might not signal [illegible] end [illegible] the war [illegible] urged Iraqis to put up a strong fight to defend their country.

His cautionary note, however, did not prevent Iraqis from celebrating in the street. [illegible] had hardly completed his speech when Iraqi women started yelling and chanting while members [illegible] popular army started shooting in [illegible] air with their Kalashnikov machine guns.

Early yesterday morning Iraqis [illegible] congratulating [illegible] other [illegible] the war had [illegible].

One, Zainab, expressed a widely felt view: "Thank God, the destruction will end."

[illegible] happiness was mixed with concern that the US would [illegible] ahead [illegible] complete [illegible] the Iraqi army.

Nasser, a professional English language translator, summed up the argument of some: "Saddam could not have accepted to withdraw without international guarantee."

As much as they wanted the fighting to stop, there was deep concern among ordinary Iraqis about the future of their country. Some appeared [illegible] by the prospects [illegible] bombardment [illegible] Baghdad and the cities by allied forces.

Later in the day, Iraqis were coming [illegible] more painful conclusion that the US and its allies would see their declared goals through to the end, and that this would imply further bombardment.

The Iraqis also appeared pained by the sense that they had [illegible] by their fel[illegible] Arabs.

"Iraq was left alone. But the worst part is that some Arab leaders are financing this war against us," said Mounir, an Iraqi [illegible].

A well-placed Arab source, in touch with the senior Iraqi government [illegible]cials yesterday, said that the Iraqi withdrawal from Kuwait had actually started long before the announcement was made late on Monday night.

The source said that the Iraqi leadership decided that its priority was to save its army and the equipment from entrapment and destruction by the Allied forces.

Saddam's main objective, as it appeared from his speech, was to secure his people's support against continuous bombardment by the allied forces and possible attempts to topple him.

Mr Saddam, it seemed, [illegible] that [illegible] people were willing to put up a strong fight to defend Iraq but did not have the same enthusiasm to defend Kuwait.

He warned Iraqis in his speech that an Iraqi withdrawal would not bring an end to the war. He asked his people to be alert and prepared.

SADDAM HUSSEIN'S claim, as he announced the withdrawal of his troops from Kuwait yesterday, that "you have faced the whole world, brave Iraqis, you have won" might have rung hollow in Washington or London, but for Jordanians, and countless other Arabs, the remark chimed precisely with what they perceive to have been his great victory – to have stood up to the west.

A process of rationalisation, in a land almost inured to political setbacks, began instantly. For the great majority of Jordanians Mr Saddam's unbending resistance to western demands had always been his greatest claim to Arab heroism.

The mythology of Saddam gains strength, Page 6

Iraqi troops 'set fire to Kuwait hotels'

Continued from Page 1

"The ammunition is being collected by volunteers and kept in safe places for handing over [illegible] the joint forces when they arrive in addition to the above, the communiqué said.

"The volunteers have gathered large numbers of suspects [illegible] Iraqi nationality or those who did not declare any nationality but stated they are (without). [illegible] suspects [illegible] kept in safe places and treated humanely until such time they will [illegible] handed [illegible] to the authorities.

"Now the police stations of [illegible] city are under Kuwait people control and trying to control the entrances of the [illegible] and to put hand on the trenches and the ammunitions which were left from the Iraqi people."

TV pictures from a CBS television [illegible] driving [illegible] centre of Kuwait City brought cries of joy and tears of emotion to the campaign's volunteers. They shouted gleefully [illegible] pointed as they recognised landmarks on the road.

WORLDWIDE WEATHER

City		°C	°F
Ajaccio	[illegible]	15	59
Algiers	[illegible]	15	59
Amsterdam	F	9	48
Athens	C	13	55
[illegible]	[illegible]	[illegible]	[illegible]
Bangkok	F	36	97
Barcelona	S	14	57
[illegible]	-	-	-
[illegible]	R	8	46
[illegible]	G	2	36
Berlin	[illegible]	1	34
Biarritz	[illegible]	12	54
Bombay	S	28	82
Bordeaux	S	17	63
Boulogne	F	12	54
Brussels	S	8	48
Budapest	C	5	41
Buenos Aires	F	30	86
Cairo	F	19	66
Cape Town	S	25	77
Caracas	C	36	97
Casablanca	-	-	-
Chicago	S	-11	12
Cologne	S	12	54
Copenhagen	S	5	41
Corfu	S	14	57
Dallas	S	1	34
Dublin	C	10	50
Dubrovnik	S	15	59
Edinburgh	[illegible]	11	52
Faro	S	14	57
Florence	S	17	63
Frankfurt	S	8	46
Geneva	S	11	52
Gibraltar	C	14	57
Glasgow	R	10	50
Helsinki	Sn	0	32
Hong Kong	C	17	63
Innsbruck	S	13	55
Inverness	F	10	50
Islamabad	G	17	63
Istanbul	F	7	45
Jakarta	R	31	88
Jersey	C	9	48
Johannesburg	F	25	77
Lima	F	23	73
Lisbon	F	14	57
London	C	9	48
Los Angeles	S	[illegible]	55
Luxembourg	S	[illegible]	46
Madeira	G	18	64
Madrid	[illegible]	[illegible]	64
Majorca	[illegible]	[illegible]	66
Malaga	[illegible]	18	64
Malta	[illegible]	15	59
Manchester	G	11	52
Manila	F	30	86
Melbourne	[illegible]	20	[illegible]
Mexico City	[illegible]	[illegible]	[illegible]
Miami	G	23	73
Milan	S	14	57
Montreal	S	-14	7
Moscow	C	3	37
Munich	S	10	50
Nairobi	S	29	84
Naples	S	16	61
Nassau	[illegible]	[illegible]	[illegible]
[illegible]	F	22	72
New York	Sn	0	32
Nice	C	11	52
Nicosia	S	[illegible]	61
Oporto	C	14	57
Oslo	F	4	39
Paris	S	14	57
Peking	S	4	39
Prague	C	7	45
Reykjavik	R	3	37
Rhodes	F	15	[illegible]
Rio de Janeiro	F	[illegible]	[illegible]
Rome	S	[illegible]	[illegible]
Salzburg	[illegible]	10	50
San Francisco	C	9	48
Seoul	F	4	39
Singapore	F	32	90
Stockholm	C	-1	30
Strasbourg	Fg	4	39
Sydney	S	[illegible]	[illegible]
Taipei	F	[illegible]	[illegible]
[illegible]	-	-	-
[illegible]	-	-	-
Tenerife	F	19	66
Tokyo	S	11	52
Toronto	C	-7	19
Tunis	S	16	61
Valencia	S	14	57
Venice	S	15	59
[illegible]	F	7	45
[illegible]	R	3	37
Washington	F	2	35
Zurich	S	10	50

Temperatures at midday yesterday C–Cloudy [illegible] F–Fair Fg–Fog H–Hail R–Rain S–Sunny [illegible]–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS

 Wednesday February 27 1991

INSIDE

GrandMet appoints an heir-apparent

Ian Martin (left), head [redacted] Grand Metropolitan's [redacted] international [redacted] operations, yesterday became deputy group chief [redacted] heir-apparent to [redacted] Allen Sheppard, [redacted] and chief executive [redacted] drinks, food, and retailing group. [redacted] Allen, [redacted] the appointment [redacted] the company's annual meeting, when [redacted] also reported that pre-tax profits for [redacted] first four [redacted] of the current [redacted] in line with [redacted] year's [redacted] ling results. Philip Rawstorne reports. [redacted]

Fidelity aims at [redacted]

[redacted] duplicate in [redacted] what we did in the UK, [redacted] in 10 [redacted] became number [redacted] in [redacted] of unit trusts." [redacted] Geoffrey Mansfield, Hong Kong-based regional managing director [redacted] Fidelity Investments, [redacted] Bermuda-based [redacted] *management company.* This ambition means matching [redacted] Fleming, [redacted] regional market leader [redacted] overtaking [redacted] Hongkong Bank's Wardley [redacted] John Elliott reports. Back [redacted]

White Hot Lane

The Spurs [redacted] firm. And the 3½-hour annual meeting, at Tottenham Hotspur's White [redacted] Lane ground in [redacted] London, proved [redacted] tough fixture [redacted] They [redacted] to [redacted] clear view of either [redacted] future, in the form [redacted] a financial [redacted] or [redacted] past, notably [redacted] on [redacted] balling profits [redacted] by ill-fated forays [redacted] business. [redacted] Jane Fuller reports. **Page 26**

Focus on Philips' [redacted]

It will be [redacted] largest loss [redacted] by [redacted] *company in the* [redacted] *when Philips,* [redacted] Dutch [redacted] group, makes its announcement [redacted] the news will under[redacted] sharp [redacted] in [redacted] group's fortunes. Attention, however, has already begun [redacted] swing away from [redacted] figures to focus on the future. Ronald van de Krol looks at the the group's reshaping process. **Page 21**

Grounds for concern

Two centuries of Australian land degradation — in [redacted] form [redacted] soil erosion, [redacted] *overproduction — have* [redacted] *the landscape. The root of* [redacted] *problem may* [redacted] cultural as early [redacted] tried [redacted] idyllic English [redacted] in a totally [redacted] environment. Now attempts [redacted] under way [redacted] some [redacted] damage as [redacted] change entrenched attitudes to farming. **Page 30**

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Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Hapag Lloyd	358	+	8	Beghin S Cet	820	+	34
Sud Chemie	610	+	10	Industrielle	4500	+	400
Falls				**Falls**			
Asko Pref	705	–	30	Arjomari	1975	–	44
Daimler Benz	611	–	18	BSN	793	–	21
Holzmann	1270	–	45	Ciments Fr	1125	–	41
Rheinelektra	1860	–	32	[redacted]	785	–	33
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Chevron	72⅛	+	1	M'bishi Oil	[redacted]	+	70
Global Marine	4⅛	+	⅛	Nippon Oil	1220	+	50
Mobil	59½	+	⅞	Tosoh	871	+	15
Texaco	61¼	+	1⅛	**Falls**			
Falls				Nippon Steel	496	–	16
Cyclops	14	–	5	Sumitomo Hvy	788	–	9
Utd. Air	140¾	–	4¼	Tokyo Gas	675	–	[redacted]

New York prices at 12.30.

LONDON (Pence)				Refuge	650	+	23
Rises				TI	503	+	20
Century Oils	120	+	8	**Falls**			
Dasjon	795	+	30	Christies Int	194	–	11
Elecо	[redacted]	+	10	Countryside	123	–	[redacted]
Fisher (Jas.)	88	+	12	GKN	354	–	11
Friendly Hotls	227	+	15	Gen Accident	551	–	[redacted]
Gleeson (MJ)	[redacted]	+	32	ICI	996	–	[redacted]
Hawker Sidly	515	+	18	RMC	701	–	30
Hewitt (J)	138	+	20	Storehouse	111	–	6
Kalon	45½	+	[redacted]	Trade Indemn.	85	–	22
Kleinwort Bens	349	+	21				
Principal Hotl	26	+	8				

TCE losses quadruple to FFr680m

By William Dawkins in Paris

THOMSON Consumer Electronics (TCE), the leading French television producer, more than quadrupled [redacted] net [redacted] FFr680m ($132m)last year. The state-owned group [redacted] hit by the fall in the dollar, a plunge in US *demand and* [redacted] *price war.*

TCE, which [redacted] developing High Definition Television (HDTV) in partnership [redacted] Philips, the troubled Dutch group, yesterday announced a FFr1.8bn provision [redacted] *a four-year cost-cutting drive,* including redundancies, which aims [redacted] cut [redacted] annual operating [redacted] by [redacted]

On top of this, TCE has made an extra FFr200m provision for part of the loss of [redacted] of decod[redacted] in the UK, following [redacted] year's takeover of British Satellite Broadcasting by Sky Television. The decoders [redacted] have been [redacted] to [redacted] UK [redacted] to receive the D-Mac improved television standard used by BSB, but abandoned [redacted] the takeover, in favour of the existing [redacted] used by Sky.

Operating profits, before an unchanged FFr1.4bn interest charge, fell from FFr1.15bn [redacted] 1989 to [redacted] last year. Turn[redacted] slipped from FFr36.3bn to FFr33.2bn. [redacted] that, FFr3bn [redacted] due to the fall [redacted] dollar, in which TCE makes half [redacted] sales, with the rest coming from a [redacted] to 5 per [redacted] decline in US demand for televisions, by far TCE's [redacted] important product.

[redacted] was unable to [redacted] full advantage [redacted] in demand [redacted] televisions from eastern Ger[redacted] of [redacted] shortages, but managed [redacted] sales [redacted] France [redacted] Italy.

It was also hit by [redacted] price [redacted] in VHS compact and full size camcorders group sparked off by *[redacted] aggressive launch of* [redacted] smaller 8 millimetre camcorders by Sony, the Japanese electronics company, early in the year. VHS camcorder prices [redacted] 20 per cent in Europe and 10 per cent in the US, spreading [redacted] to video cas[redacted] players, said Mr Ronald Blunden, a senior vice-president. [redacted] group launched its [redacted] last autumn, which [redacted] produced *an improvement* [redacted] *sales and margins.*

Overall, this year has [redacted] an "extremely tough" start, said Mr Blunden. The group was hoping [redacted] a quick end to the Gulf war will help [redacted] consumer electronics sales.

It unveiled two weeks [redacted] FFr35,000 [redacted] quality set, *offering intermediate quality* between today's televisions and full HDTV. After delaying the launch [redacted] the economic slowdown, TCE warned that its [redacted] were "seriously unbalanced" [redacted] of FFr10bn.

This underlines [redacted] dilemma facing the French government, which [redacted] due next [redacted] to [redacted] share between different ministries this year's FFr7.2bn budget [redacted] capital [redacted] companies.

[redacted] will be for indi[redacted] ministries to decide how to parcel [redacted] their [redacted] the [redacted] companies under their control.

TCE and Bull, the state-owned computer maker which [redacted] expec[redacted] shortly to announce [redacted] 1990 *loss variously estimated* [redacted] between FFr3bn and FFr7bn, are believed to need [redacted] least FFr2bn of fresh capital each.

This [redacted] on top [redacted] demands of troubled Air France, which last [redacted] FFr2bn, and other cash-hungry state sectors like [redacted] and public [redacted] television. France Telecom, the [redacted] telecommunications operator, [redacted] minority [redacted] Bull and TCE, but [redacted] thought [redacted] unwilling [redacted] subscribe [redacted] large capital increases.

Record losses at Swedish banks

By Robert Taylor in [redacted]

[redacted] financial institutions suffered SKr17.7bn [redacted] in loan [redacted] year, [redacted] country's independent Bank Inspection Board [redacted] yesterday in its preliminary estimate for 1990. This is [redacted] worst figure recorded [redacted] and com[redacted] SKr3.6bn [redacted] the previous [redacted]

The commercial banks suf[redacted] SKr10.7bn in losses, compared [redacted] SKr2.8bn in the previous year, while the country's financial companies had losses of [redacted] compared with SKr800m in 1989.

An [redacted] of the loan [redacted] non-finan[redacted] customers in Sweden. Of those companies [redacted] per [redacted] employ fewer than 50 work[redacted] A further [redacted] loan [redacted] were by the country's finance companies [redacted] per cent [redacted] from private [redacted] of [redacted] loan losses [redacted] foreign borrowers.

[redacted] proportion [redacted] balance sheet, the credit losses [redacted] compared with 0.2 [redacted] for [redacted] previous year.

Mr [redacted] Sahlen, head [redacted] Bank Inspection Board, [redacted] recently that credit [redacted] in [redacted] could [redacted] as bad as they [redacted] in 1990, mainly because [redacted] the [redacted] facing many manufacturing companies [redacted] high [redacted] low property prices.

[redacted] on the other hand, [redacted] appear [redacted] Sweden's banks are in as deep a crisis [redacted] those in Norway.

The disastrous performance by most [redacted] the country's [redacted] institut[redacted] marks an abrupt end to their [redacted] in lend[redacted] which started in the middle of the [redacted]

The [redacted] competition [redacted] the [redacted] and [redacted] sources [redacted] credit in the frantic search [redacted] corporate and household customers in [redacted] climate of deregulation [redacted] aged a huge surge in lending with insufficient attention being given to the [redacted] the [redacted] and the [redacted] involved.

The more immediate causes [redacted] the explosion in [redacted] losses in Sweden during 1990 stem from [redacted] sharp fall in property [redacted] well as the [redacted] performance [redacted] the stock market which severely affected [redacted] position [redacted] many borrowers against the background [redacted] a serious deterioration in the country's economy with a [redacted] downturn in [redacted] activity.

Unilever pre-tax profits advance 5% to £1.78bn

By Clay Harris in London

UNILEVER, [redacted] Anglo-Dutch food and [redacted] industries group, [redacted] restructuring [redacted] manufacturing operations for [redacted] single European market.

The company yesterday [redacted] the extraordinary pro[redacted] with [redacted] results, which [redacted] pre-tax profits of £1.78bn, [redacted] per [redacted] from [redacted] figure of £1.7bn. Unilever changed in [redacted] from year-end [redacted] exchange [redacted]

Turnover [redacted] 9 [redacted] to £22.26bn fro £20.39bn.

Sir Michael Angus, chairman, said: "We recognise that if Unilever is to remain competitive in the single [redacted] has to be considerable [redacted] change as our businesses were founded and developed in a Europe of nation-states."

He said 5,000 to 6,000 of the group's 110,000 jobs throughout Europe would be eliminated over the next five years. Involuntary redundancies might be avoided because of the long span of the re-organisation. "As we restructure, some factories will close and others will grow," he added.

Europe was by far the strongest performer in 1990. It accounted for £1.23bn of operating profit, a 25 per cent increase on last year's figure, and 60 per cent of the total.

In contrast, the North American contribution fell 19 per cent to £364m, because of heavy promotional spending and a provision of nearly £50m relating to Lipton [redacted] soup. However, [redacted] North [redacted] share.

The [redacted] and *contributed* [redacted] operating profits.

[redacted] Michael [redacted] possible food acquisitions were "at [redacted] our [redacted]" in North America.

Attributable profits [redacted] extraordinary provision advanced [redacted] per cent in sterling terms, [redacted] per cent in guilders and 22 per [redacted] in [redacted]

The full-year increase [redacted] despite stagnant fourth-quarter profits which rose only £1m [redacted] £449m at [redacted] on turnover 5 per cent [redacted] £5.88bn. [redacted] a provi[redacted] of nearly £20m relating to Matteson Wall's departure from meat [redacted] manufacturing in the UK.

Full-year earnings per share rose to 59.52p (53.15p), and a final dividend of 13.3p (12.24p) will raise the total to 18.16p (16.75p). For the Dutch half of the company, a final [redacted] Fl 3.83 (Fl 3.35) raises the total to Fl 5.27 (Fl 4.27).

More [redacted] than [redacted] companies, [redacted] normally takes closure costs and profits or [redacted] on disposals above [redacted] line, consolidating the net figure [redacted] operating profits.

It last took an £84m extraordinary provision in [redacted] when it implemented [redacted] "core [redacted] strategy." An unused £26m [redacted] in 1987.

Unilever [redacted] 11p [redacted] 710p.

Lex, Page [redacted] Details, [redacted] 26

Ashley Ashwood

Sir Michael Angus: as Unilever restructures, some [redacted] will [redacted] and [redacted] will grow

NatWest meets forecasts with £504m full-year result

By David Lascelles in London

COUNTY NATWEST, [redacted] ment banking [redacted] the NatWest [redacted] at [redacted] most to prove that it can make money out of the securities business.

This [redacted] plain yesterday [redacted] Alexander, [redacted] over as chairman [redacted] year [redacted] County plunged [redacted] bank group into the Blue [redacted]

He [redacted] his [redacted] known when announcing a £504m ($969m) pre-tax profit for the Nat[redacted] group and an unchanged second-half dividend.

The result, which met City of London forecasts, included a £49m loss by County, its fifth in succession, bringing its total *losses in its six-year existence to* £275m. The latest loss was caused mainly by [redacted] equities dealing and broking [redacted] which were hit by the slump in [redacted] securities markets.

Lord Alexander described the loss as "unacceptable". He said County "must become profitable in a year or two if we're to remain in that business". He praised County's success in winning market share and attracting [redacted] quality recruits, [redacted] it would also have to get back into the black, he said. "If it can't do so in a comparatively short time scale then we must 'out'. We may be a bank, but we are also a business."

He did not say what form of action – sale or closure – NatWest would take if County failed *to meet the deadline.*

However, it was clear that concern [redacted] on County's equities [redacted] that this might be more [redacted] than other parts [redacted] County which include merchant banking [redacted] fund management.

Several steps [redacted] already [redacted] make County prof[redacted] Lines [redacted] been [redacted] trimmed. But Mr [redacted] Macdonald, County's [redacted] executive, said yesterday [redacted] people in [redacted] investment banking business still had unrealistically high salary expectations.

Although County [redacted] appeared [redacted] in [redacted] months, its position [redacted] long seemed to be one of the more precarious [redacted] City's large [redacted]

Lex, [redacted]

Fuchs stages bid for Century Oils

By Andrew Bolger in London

FUCHS GROUP, [redacted] family-controlled German company has mounted a hostile takeover bid for Century Oils Group, of the UK. Both groups make and distribute lubricants.

Fuchs [redacted] offering 110p in [redacted] for [redacted] Century ordinary share, which values the UK group at £35m ($67.2m). Century shares closed 8p higher at 120p.

Century, based in Stoke-on-Trent, said: "It is [redacted] derisory offer and is clearly only [redacted] sighting shot."

Mr Manfred Fuchs, chairman of the German group, said he had [redacted] *reluctant to launch a hostile* bid – the first by his company – but attempts to reach an agreed deal had failed. Earlier this month Fuchs raised its stake in Century from 4.8 per cent to 13.5 per cent.

Mr Fuchs's family controls 60.5 of the group's voting shares, which are listed on the Frankfurt and Stuttgart exchanges.

He said: "We have been friends with Century for years. I came to their [redacted] several occasions, seeking agreement, but I was always sent [redacted] is a lot of emotion and pride involved in [redacted] situation like this."

Fuchs said [redacted]pplication of its [redacted] and skills [redacted] help [redacted] the fortunes of Century, which had seen its pre-tax profits fall in each consecutive year from £6m in the year to March 31 1987, to £2.9m in the year to March 31 1990.

Earnings per share had fallen at [redacted] even more marked rate, dropping from 17.02p [redacted] 6.74p [redacted] the same period.

The offer represented a multiple of 16.3 Century's earnings for the [redacted] to March [redacted] 1990, even though the pre-tax profits of £2.9m included an exceptional £1.8m credit [redacted] the [redacted] of sur[redacted] assets.

Mr [redacted] said: "We have [redacted] in Century for over [redacted] years and are now convinced that, [redacted] ever increasing international competition, Century will find it increasingly difficult [redacted] prosper [redacted] an independent operation."

Fuchs comprises more than 80 production and marketing companies operating [redacted] in specialised lubricants.

In [redacted] group's parent [redacted] consolidated pre-tax profits of DM40m ($13.66m) *on turnover* [redacted]

Fuchs is also offering 116p in cash [redacted] Century preference share.

It is being advised by [redacted] Grenfell and Panmure [redacted] Century is being advised by SG Warburg and [redacted] Crosthwaite.

INTERNATIONAL COMPANIES AND FINANCE

Armco deal for Cyclops collapses

By Martin Dickson in New York

AN $156M deal for Armco, [illegible] large US steel manufacturer, [illegible] buy speciality steel group Cyclops Industries collapsed yesterday when Armco's financing fell through. How[illegible] said it [illegible] looking for new ways to fund [illegible] takeover.

Armco had intended [illegible] finance [illegible] deal mainly through [illegible] sale of $100m of convertible preferred stock [illegible] Alleghany Corporation, the [illegible] York financial services group, which holds a large stake in Cyclops.

However, Alleghany has pulled back from the agreement in principle between the two companies.

Alleghany said yesterday that "too many serious complications arose in the course of efforts to complete the transaction".

The company declined to spell out their nature, saying "when a deal dies, we prefer not to perform [illegible] public autopsy".

Shareholders in Cyclops would have received $22 a share in cash for their holdings. Aside from the convertible issue, Armco would have financed the remaining $56m out of its resources.

Shares in Cyclops dropped sharply yesterday, to stand at $13¾, down $5¼, at lunchtime. Armco dipped $⅛ to $5⅞.

The deal would have meant an important realignment of the profitable US speciality steels business, with an Armco-Cyclops combination vying for leadership of the sector against the current number one, Allegheny Ludlum.

Armco would have moved decisively ahead of the current number two, J&L Specialty Products, which was recently bought by Usinor Sacilor of France.

The combination would have boosted Armco's operations in stainless steel, one of the fastest growing steel markets.

Cyclops said yesterday it was disappointed at the collapse of the deal and was no longer talking to Armco.

LTV progresses in pensions dispute

LTV, the [illegible] largest US steel group, [illegible] reached a basis for a settlement of a long-running pensions liability battle which could [illegible] way for LTV to [illegible] from bankruptcy court protection, writes Martin Dickson.

LTV, sought the protection of the bankruptcy courts in 1986 because of a serious underfunding of its pension fund liabilities.

Since 1987, it has been in dispute with the Pension Benefit Guaranty Corporation, the US pension insurance agency, over payment for the liabilities. Last year the PBGC won a Supreme Court ruling that LTV should reassume the costs, and it proposed a 30-year repayment schedule, with an initial cash payment of $575m, which the company said it could not pay.

However, an LTV representative said that, although numerous issues had to be resolved, the company had reached an outline basis of agreement with the PBGC, involving a 30-year repayment schedule and an initial [illegible] contribution.

The move follows the appointment in January of Mr David Hoag as chief executive of LTV and his rapid assumption of personal responsibility for negotiations with the PBGC.

Mr Hoag, formerly president of LTV's steel operations, took over from Mr Raymond Hay, who remains the company's chairman. Mr Hay has been criticised for his handling of the pensions issue.

More details of the agreement may emerge on Thursday, when the company is due to report to Judge Burton [illegible] of the New York bankruptcy court on progress towards a settlement.

The deal means the judge is likely to extend LTV's exclusive right to file its own plan of bankruptcy reorganisation. That right is due to expire on March 6.

● Nucor, the North Carolina-based company which is one of the most successful of the US mini-mill steel manufacturers, yesterday reported 1990 net income of $75.1m, or $3.50 a share, up from $57.8m, or $2.71 a share in 1989. Sales rose to $1.48bn from $1.27bn.

The figures contrasted with the generally lower profits reported by the main integrated steel manufacturers, which have been losing business in commodity products to the mini-mills with their lower cost base.

Daimler in production pact with Ssangyong

By John Ridding in Seoul and Kevin Done in London

DAIMLER-BENZ, the German automotive and aerospace group, has signed a licensing agreement with a South Korean company for the production of Mercedes-Benz vans. This will be the first time Mercedes-Benz vans have been produced outside Europe.

Mercedes-Benz is the automotive subsidiary of Daimler-Benz. Ssangyong Motors, a subsidiary of Ssangyong Group, one of South Korea's largest conglomerates, is due to begin production under licence of 50,000 vans and 80,000 diesel engines per year after 1994.

It will assemble the Mercedes-Benz MB 100 medium van range, with a one- to two-tonne payload, produced for the European market by Mercedes-Benz's Spanish subsidiary.

Some 30,000 of the Korean-produced engines will be fitted by Ssangyong in its own range of four-wheel-drive vehicles.

Part of the Ssangyong production will be exported to markets in south-east Asia and marketed through the Mercedes-Benz sales organisation under the Mercedes-Benz marque. In Korea, the vans will be marketed under the Ssangyong name.

Mr Helmut Werner, deputy chairman of Mercedes-Benz, said the company would provide technical support to Ssangyong for the production and modification of the MB 100 range for the Korean market.

The agreement is believed to be the first in which Mercedes-Benz has offered technology and joint development to a foreign vehicle manufacturer.

Under the agreement, which will run until 2000, the German company will receive royalties equivalent to 2 per cent of sales.

Ssangyong Motors said it would invest Won669.1bn ($929m) to construct two factories for the production of the vehicles, engines and transmissions. Production would start in 1994, and reach 100,000 vehicles and 140,000 engines and axles by 2000.

The plants will be based in Seoul and in the big industrial centre Pusan.

Ssangyong forecast that production of essential parts would be at least 80 per cent localised in 1994 and almost 100 per cent by 1996.

Most production would be sold domestically. It forecast sales of 50,000 vehicles by 1995, about 15 per cent of the forecast market size.

Ford Canada C$61.6m loss in final quarter

By Robert Gibbens in Montreal

[illegible] Motor [illegible] Canada has reported a fourth-quarter loss of C$61.6m (US$54m), or $7.43 a share, on sales of $3.2bn, and has cancelled its year-end dividend for the first time since 1983.

In the fourth quarter of 1989, Ford Canada earned $24.1m, or $2.9 a share, on sales of $3.8bn.

Last year the company, 94 per cent-owned by Ford US, paid out $11 a share.

Ford Canada is suffering from sliding car sales and a sluggish truck market.

For 1990, Ford Canada lost $57.1m, or $6.89 a share, on sales of $13.7bn, down 10 per cent.

The [illegible] figures include losses by [illegible] operations.

South Korean group acquires 4.97% of Zenith Electronics

By Martin Dickson

GOLDSTAR, the large South Korean electronics group, has acquired a 4.97 per cent stake in Zenith Electronics, the last US-owned maker of television sets. The investment comes as [illegible] facing a [illegible] against [illegible] large dissident [illegible]holder over the composition of its board.

Zenith said it had also entered into agreements with GoldStar which would allow [illegible] to "expand its technologies to overseas markets".

Some 8.2 per cent of [illegible] is owned by Nycor, [illegible] shell company and spin-off from [illegible] Fedders air conditioning business, which has strongly attacked Zenith's strategy and is trying to get three directors elected to the 10-member board at the company's [illegible] meeting [illegible] April 24. Zenith [illegible] "disruptive".

Zenith insisted that yesterday's deal was unconnected with the fight against Nycor. However, the [illegible] sale will make [illegible] harder for Nycor to [illegible] majority support. Zenith argued yesterday [illegible] GoldStar's investment was a strong endorsement of its strategy to develop a high-definition television system.

[illegible] is a leading consumer electronics brand in [illegible] Korea. Its investment in [illegible] is a mere $15m, [illegible] paid [illegible] each for [illegible] shares, well above Friday's closing price of $7. Zenith shares closed last night [illegible] at $7⅞.

Zenith [illegible] working with [illegible] Telephone & [illegible]graph to develop an all-digital version of high definition television, a technology which promises superior picture quality.

However, the company faces strong rivals and has lost money in five out of the past six years. [illegible] Monday [illegible] announ[illegible] fourth-quarter loss of $25.5m, or 94 cents a share, against a loss of $27.3m, or $1.02 a share, a year before. That produced a 1990 net loss of $63.3m, or $2.36 a share, against a loss of $68.4m, or $2.56, in 1989. The company blamed "recessionary conditions."

Under a "standstill agreement," GoldStar has under[illegible] not [illegible] increase its stake in Zenith beyond 15 per cent for two years.

Molex buys Litton [illegible] in Germany

By Barbara Durr in Chicago

MOLEX, the [illegible] electronics manufacturer, has acquired the operations [illegible] Litton Industries' Winchester Electronics division in Germany. Molex, [illegible] leading world maker [illegible] cal connectors, said [illegible] purchase was aimed at increasing its presence in Europe.

In the last fiscal year, ended [illegible] European [illegible]enues were $101m, of a total of [illegible].

Although [illegible] acquisition from Litton is small, with [illegible]mated yearly sales of less than $15m, Molex said it provided a good opportunity for penetrating [illegible] lucrative European telecommunications market.

[illegible] Winchester [illegible] plant, [illegible] Heilbronn, man[illegible] high-density interconnecting [illegible] used in telecommunications, and computer and industrial controls.

[illegible] company plans to [illegible] volume [illegible] plant's existing products.

FNN accepts $105m offer for TV and radio [illegible]

[illegible] Karen Zagor [illegible] New York

FINANCIAL News Network (FNN), the [illegible] news [illegible] group [illegible] up for [illegible] in November, has accepted [illegible] $105m cash [illegible] for its cable television and [illegible] networks operations in an agreement with CNBC, a cable television subsidiary of Gen[illegible].

The deal comes [illegible] after FNN agreed in principal to an [illegible] from [illegible] joint venture between Dow [illegible] and Westinghouse [illegible]ing.

Dow Jones said [illegible] "extremely disturbed" by FNN's [illegible] higher [illegible] would still like [illegible] complete the deal, prompting speculation that a bidding [illegible] for [illegible] might develop.

[illegible] said yesterday the CNBC [illegible] served [illegible] creditors, shareholders and FNN.

An acquisition of FNN's 24-hour business television channel makes strategic [illegible] Dow [illegible] and CNBC. [illegible] Jones, which has a strong presence in business news through the Wall Street Journal and its Dow Jones wire service, would like to expand into cable television.

CNBC, which was launched about 18 months ago, provides business programmes during the day and competes directly with FNN. The proposed acquisition would increase the number of CNBC subscribers from about 18m to more than 30m.

Although the CNBC offer is less than FNN's total liabilities, which include about $50m in bank loans and about $88m in lease obligations, FNN said the agreement would leave it with its broadcast equipment and other assets, and result in more cash than any other offer it had received.

However, since the proceeds from this sale and other asset dispositions are unlikely to cover FNN's total debt, the company expects to file for protection from creditors under Chapter 11 [illegible] federal bankruptcy [illegible].

GM abandons talks on Slovak engines plant

By Kevin Done, Motor Industry Correspondent

GENERAL [illegible] the US, the world's leading vehicle maker, has abandoned its negotiations with the Slovak government to manufacture transmissions and assemble cars in Slovakia, one of the Czechoslovakian republics.

It is expected instead to build the transmissions plant in Austria at the site of the GM transmissions plant at Aspern, near Vienna.

The company would not comment on the deal yesterday, but it is understood that talks with the Austrian government are advanced. The investment could total more than $250m.

Negotiations for setting up the transmission plant at the Bratislavské Automobilové Závody (BAZ) plant in Bratislava, have been under way for several months, but GM was unable to reach agreement on several issues.

The amount of state financial support is understood to be a stumbling block.

GM is under acute pressure to decide on the location for the transmission plant, because the gearboxes are required for Opel/Vauxhall cars planned to be in production from 1992-93.

The transmissions plant will manufacture up to 250,000 units a year. GM is increasing its engine building capacity in Europe with the construction of a plant in Hungary.

The breakdown of the talks is GM'S first setback in its eastern European expansion.

Sasol buys state share of fuels concern

By Philip Gawith in Johannesburg

SASOL, the [illegible] African fuel group specialising in [illegible] conversion of [illegible] oil and [illegible] is buying the [illegible] Energy Fund's (CEF's) [illegible] stake in [illegible] Sasol 3 synthetic [illegible] project and redeeming [illegible] to the fund in a deal worth R2.9bn ($590m).

Sasol 3 was commissioned in 1982 at a cost of R3.3bn. When privatised in 1979, Sasol committed itself to buy CEF's stake [illegible] Sasol will acquire the CEF equity in [illegible] for R617m. The loan [illegible] the CEF [illegible] R2.3bn will [illegible] redeemed in [illegible] instalments over [illegible] years.

Sasol also announced considerably improved results in the six months to December 25, on the back of higher oil prices [illegible] increased production volumes.

Turnover [illegible] by [illegible] cent [illegible] R4bn from R2.36bn, though hefty tax and interest payments meant attributable earnings were only 29.2 per [illegible] up [illegible] R464.8m against R359.7m. [illegible] consolidated [illegible] include [illegible] 3, [illegible] CEF's equity [illegible] acquired with [illegible] from July 1 last year.

Mr [illegible] Stegmann, chairman, said the group had benefited from higher international crude oil prices and, [illegible]quently, higher petroleum product prices and refining margins.

Product prices, expressed in crude oil equivalent, averaged [illegible] per barrel [illegible] period.

The [illegible] international [illegible] for [illegible] and [illegible] higher cost of raw materials [illegible] in chemicals [illegible] contributing less to profits.

Mr Paul Kruger, managing director, said the initial effect of the Sasol deal on earnings would be small. He said the loss of Sasol 3's dividend would be offset by the consolidation of profits.

In the year [illegible] June 19[illegible], Sasol 3 made pre-[illegible] profits of R275m.

In the longer term, earnings will increase in tandem with lower interest payments as the loan is redeemed.

Co-operative seeks help

A DIVERSIFIED Argentinian supermarket, credit union and co-operative group has told its 1.9m clients and members it will freeze all payments for 35 days while it seeks financial support from the government and private banks to overcome a $62m deficit, writes John Barham in Buenos Aires.

El Hogar Obrero, founded in 1905 by leaders of the Socialist Party, has yearly revenues of $700m. Its interests include supermarkets, shopping centres, meat-packers, a bank and a private pension scheme. It is ranked among the country's 10 largest companies.

The co-operative [illegible] it would begin selling property and assets to cover the deficit, but is calling for a bridging loan from the government and foreign lenders.

Its difficulties began when hyper-infla[illegible] last year hurt its financial [illegible].

Its problems worsened as a diversification strategy crumbled with the sharp decline in savings and consumer demand.

INTERNATIONAL COMPANIES AND FINANCE

British Aerospace ahead 13% to £376m pre-tax

By Paul Betts, Aerospace Correspondent, [illegible] London

BRITISH Aerospace yesterday reported [illegible] 13 per cent rise in pre-tax profits for last year and said it was confident about the company's longer-term prospects.

The increase [illegible] ($733m) [illegible] 1989 was achieved despite [illegible] difficult international business climate with high inflation, high interest rates and an undervalued dollar testing the company's diverse activities, said Professor Roland Smith, chairman.

He warned that the company would have to continue cutting costs. It would shed jobs and rationalise production capacity to remain competitive.

The company has announced [illegible] in its military aircraft operations including the [illegible] jobs and the closure of two plants. It is expected to launch a similar programme on its civil aircraft side in the next few weeks.

Sales rose 16 per cent to a record £10.54bn last year. The order book stood at £11.8bn at the end of last year.

The company raised the final dividend to 16.1p a share from 14.6p last year, bringing the total dividend for the year to 25p against 22.7p for 1989.

"This 10 per cent increase in the dividend is a sign of our confidence," Professor Smith said.

Earnings [illegible] share after exceptional items [illegible] by 12 per cent [illegible] 92.7p last [illegible].

BAe's [illegible] business accounted for more [illegible] 40 [illegible] of [illegible] sales and [illegible] the dominant portion of the group's trading profits.

Defence accounted for £486m of the company's £585m overall trading profits last year. This was a sharp increase from £300m in 1989 when total group trading profits were £441m.

Motor vehicles sales rose last year to £3.79bn from £3.43bn but trading profits declined to [illegible] from £64m.

Commercial aircraft sales rose [illegible] £1.58bn [illegible] year from £1.4bn and profits increased to [illegible] from £15m.

[illegible] Evans, [illegible] chief executive, [illegible] the company was in a strong position [illegible] take advantage of defence and civil engineering opportunities [illegible] emerge in the Middle East after the Gulf war.

Lex, Page [illegible]

Asko links with Klaus Jacobs to control Adia

ASKO, the German retailer, and Mr Klaus Jacobs, the Swiss business [illegible] have acquired a majority interest in Adia, the Swiss employment group, from the Swiss investment group Omni Holding, Reuter reports.

Asko said that a price of SFr1,100 a share for 700,000 Adia bearer shares had been agreed, representing 53 per cent of Adia's voting capital.

Omni is headed by Mr Werner Rey, the Swiss financier. The group has been caught in a credit squeeze by high interest rates and the falling stock market value of its holdings and is under pressure to cut debts and sell assets.

Mr Jacobs, a native German and a member of the Jacobs coffee dynasty, headed Jacobs Suchard, the Swiss chocolate and coffee group, until it was taken over by the US conglomerate Philip Morris last year.

Asko said that the plan for Omni to take a stake in Asko's Swiss subsidiary Comco Holding had been dropped. Omni said last month that it was selling its Adia stake to Comco.

As part of the deal, Omni was to take 48 per cent of Comco, while Asko would have cut its holding from 90 per cent to 48 per cent.

After the failure of that sale, Swiss distribution group Metro International had offered a credit to Omni in return for a stake in the Rey empire. But this arrangement was also quickly dropped.

S&P's puts Swede group on watch

STANDARD [illegible] Poor's, the international credit-rating [illegible] vice, expects [illegible] "significant reduction" in [illegible] "financial flexibility" of the Wallenberg industrial empire in Sweden, resulting from Monday's SKr12.8bn ($2.3bn) acquisition [illegible] Saab-Scania's auto group [illegible] the family's investment companies Investor and Providentia.

So S&P said that it had placed the A-1 commercial paper rating of the Swedish investment company, Patricia Treasury, on CreditWatch.

Philips faces further sharp shocks

Ronald [illegible] de Krol looks at the ongoing reshaping of the company

PHILIPS, the Dutch [illegible] tronics group, will tomorrow unveil the largest loss suffered by a [illegible] pany in the Netherlands, underscoring the sharp reversal in fortunes of the country's premier industrial concern.

But attention has already begun to swing from the much-discussed 1990 figures to focus on the future and, specifically, on the question of which businesses the company will need to divest or transfer to joint ventures in order to return to lasting profitability.

The company said in November that its 1990 figures would show a huge net loss of Fl 4bn (US$2.4bn), reflecting Fl 4.5bn in provisions needed to restructure the group and eliminate as much as 20 per cent of Philips' 285,700-strong worldwide workforce. A year earlier, Philips had [illegible] profit of Fl 1.37bn.

The reshaping of Philips is the work of Mr Jan Timmer, the company's president. He took over in July and quickly made good on his promise to shake up the Philips organisation, which has been long on technical expertise but lacking in the kind of marketing savvy that has helped propel Japanese competitors such as Sony.

Analysts expect the 1990 figures to meet Mr Timmer's forecasts, but they point out that the precise result is fairly academic at this stage. "A couple of hundred million guilders higher or lower is not important on a figure like that," said Mr Bill Coleman of James Capel in London.

More important to analysts is Philips' readiness [illegible] formu[illegible] a detailed strategy for reducing the range of its businesses. The company, which began life 100 years ago as a light bulb factory and which is now the world's leading lighting manufacturer, makes everything from computers to compact discs [illegible] shavers to semiconductors.

"As long [illegible] Philips has not announced [illegible] it will be narrowing [illegible] of activities materially, [illegible] prospective investors [illegible] Philips' shares to [illegible] time," [illegible] Dutch merchant bank Pierson, Heldring [illegible] Pierson in [illegible] research [illegible].

The shares have outperformed the market in recent months, though the rise is so far little more than a recovery from their lows

The company's shares [illegible] outperformed the Amsterdam market [illegible] months, though the rise [illegible] far [illegible] more [illegible] a [illegible] from [illegible] lows plumbed after Mr Timmer's November profit [illegible] Tuesday, Philips' share price stood [illegible] Fl [illegible], up from Fl [illegible] November but well down on levels of Fl 43 seen in March 1990.

Over the past eight months, Mr Timmer has administered [illegible] series of sharp shocks to Philips, its employees and its shareholders. [illegible] day he took [illegible] in July, he told an extraordinary shareholders' meeting that [illegible] jobs [illegible] be cut from the semiconduc[illegible] and computers sector and [illegible] the [illegible] would plunge into a net loss [illegible] Fl 2bn in 1990. In October, he said that Philips would not be paying a 1990 dividend and that as many [illegible] additional [illegible] might have [illegible]. Then, in November, he doubled his prediction of losses to Fl 4bn and announced extra provisions.

According [illegible] Mr Timmer, the company [illegible] working on a "portfolio choice" programme. [illegible] part of this, [illegible] with [illegible] for profits or with little connection [illegible] core businesses are [illegible] be divested.

So far, details have been sparse and piecemeal, and no overall strategy has been put forward. This week, for example, Philips said it was withdrawing from the production of laboratory equipment by selling part of Philips Scientific, its Cambridge, UK-based subsidiary, to Analytical Technology of the US.

On a much larger scale, Philips [illegible] expected to sell its 47 per [illegible] holding in [illegible] white [illegible] joint [illegible] partner, Whirlpool, [illegible]. The sale [illegible] about Fl 1bn [illegible] Philips, [illegible] Fl 675m will be booked [illegible] an extraordinary gain.

Analysts say that other activities which may eventually [illegible] transferred [illegible] future joint ventures include parts [illegible] Philips' semiconductor and computer businesses. As in [illegible] case of white goods, such a move could be a prelude [illegible] withdrawing from certain [illegible].

The [illegible] searching for [illegible] buyer [illegible] its [illegible] defence electronics subsidiary. Thanks in part to disposals such as these, Philips [illegible] forecast to return to profit in 1991.

[illegible] after-tax profit, excluding likely extraordinary gains which are difficult to forecast, [illegible] from Fl 200m to Fl 500m. Dividend payments may also be resumed on 1991 results, though at a much reduced level from its last dividend of Fl 2 in 1989.

Analysts' caution that the [illegible] recovery may [illegible] hampered by [illegible] in [illegible] US and [illegible] UK, and [illegible] of [illegible] nomic growth [illegible] Europe. These slowdowns [illegible] only threaten to affect sales, particularly in [illegible] electronics, but they will also [illegible] it [illegible] find buyers for [illegible] which are to [illegible] for disposal.

Mr Timmer [illegible] taking Philips in directions which [illegible] long overdue, [illegible] the problem [illegible] that [illegible] trying [illegible] do so in [illegible] toughest [illegible] that [illegible] has faced [illegible].

ESAB profit declines 27% to SKr273m

By Robert Taylor

ESAB, the [illegible] leading welding equipment producer, [illegible] [illegible]rday [illegible] drop in profits (after financial items) for [illegible] with [illegible] SKr273m (US$48m) compared with SKr373m [illegible] previous [illegible].

However, the group's orders went up by 28 per cent to SKr6.99bn from SKr5.46bn, while invoiced sales rose by 34 per cent during last year [illegible] SKr7.03bn from SKr5.27bn.

[illegible] announced [illegible] would [illegible] a [illegible] of SKr6.50 per share, the same [illegible] in 1989. Profit per share was down to [illegible], compared with SKr23 in [illegible].

The company also said it could not make a profits forecast for this year because of uncertainties about future world [illegible] development but noted that the market for Esab's products would follow any general increase in demand for industrial goods.

Last year Esab said the market for welding and grinding equipment had worsened across [illegible] Europe except in Germany, Holland and Belgium where market demand remained high.

Aker beats predictions with increase of 11.7%

By Karen Fossli in Oslo

AKER, [illegible] big Norwegian cement, oil and gas technology group, yesterday [illegible] an 11.7 per [illegible] improvement in [illegible] profits, [illegible] items, to [illegible] from NKr566m in 1989.

Aker's [illegible] was [illegible] than forecast [illegible] the board proposed [illegible] raise the dividend payment for [illegible] by NKr1, [illegible] a share.

Extraordinary [illegible] of NKr997m, from the [illegible] of [illegible] property, nearly doubled [illegible] profits, [illegible] year-end [illegible] taxes, [illegible] NKr1.63bn [illegible] 1990 [illegible] NKr848m a year earlier.

Group sales, however, declined by 8.5 per cent to NKr13.41bn in 1990 from NKr14.66bn in 1989.

This was in part due to weak markets for cement operations in the UK, US and Norway.

Mr Tom Ruud, Aker's president and chief executive, forecast a slight increase in 1991 group profits and sales in line with 1990.

However, he explained that earnings per share would increase more than [illegible] in profits might suggest due [illegible] a forecast improvement in results by wholly owned companies.

[illegible] and building [illegible] increased 1990 sales by NKr633m to NKr6[illegible] but profits fell by NKr206m [illegible] NKr369m.

[illegible] that [illegible] Cement in [illegible] saw a [illegible] per cent [illegible] deliveries and that it had postponed the construction of a cement plant.

In Norway, Norcem cement production was reduced by 10 per cent due to a cut in domestic demand.

Aker [illegible] the modernisation of a [illegible] plant was proceeding according to schedule but [illegible] investments were likely to be higher [illegible] originally envisaged.

The oil [illegible] technology division, experienced [illegible] NKr518m decline in turnover to NKr5.68bn. Profits declined by NKr31m, [illegible] nies within [illegible] division were awarded [illegible] for some [illegible] the largest Norwegian [illegible] oil and gas field developments.

Aker forecast that for 1991 the weak trend in domestic [illegible] and civil engineering would continue while the international cement market would decline further.

Sedgwick sharply lower at £69.3m for year

By [illegible] Lapper in [illegible]

SEDGWICK Group, [illegible] internati[illegible] broker, yesterday posted sharply reduced 1990 profits after incurring exceptional expenses [illegible] ($41m) [illegible] ing [illegible] US and European ope[illegible].

Pre-tax profits were £69.3m for the year ending December 31 1990, against £86.1m in 1989. Pre-tax profits before the charge were £90.7m, 5 per cent ahead of last year's figure and also higher than most analysts' forecasts.

Earnings per share fell to 10.4p (13.9p before the exceptional charge) compared with 13.3p [illegible] year. A [illegible] of [illegible] per [illegible] mended, leaving the [illegible] unchanged [illegible] 12p.

Despite [illegible] cut [illegible] profits, [illegible] market welcomed the announcement, the shares rising 4p to 239p. According to Mr Allan Nichols, analyst with James Capel: "It gets everything out into the open and [illegible] the market confidence about the reorientation [illegible] the gr[illegible]."

[illegible] half the exceptional charge will [illegible] in [illegible] US where the Sedgwick James [illegible] will close its office in Baton [illegible] and [illegible] in Las Vegas. Worldwide, 600 [illegible] some occupying [illegible] executive posts, will leave the company before [illegible] middle [illegible] year. Redundancy and relocation [illegible] £11.4m. Unprofi[illegible] financial [illegible] in Sweden, Germany, Spain [illegible] Australia are [illegible] closed.

The measures are designed [illegible] improve operating [illegible] when opportunities [illegible] revenue growth [illegible] constrained by market conditions. Softness in insurance [illegible] reinsurance markets [illegible] back revenue growth, especially in the US. Two other trends – the fall in interest rates and the strength of sterling against the dollar – also undermined profitability.

Sixty per cent of Sedgwick's revenues [illegible] in dollars. Mr David Rowland, group chairman, [illegible] that [illegible] upward movement in [illegible] dollar [illegible] Sedgwick between £500,000 and £600,000.

[illegible] expense growth was held back with costs rising at an underlying rate of 6 per cent (and by 1.9 per cent in sterling terms) to £587.9m.

[illegible] and [illegible] income declined marginally to [illegible] against [illegible] in 1989.

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INTERNATIONAL COMPANIES AND FINANCE

Bridgestone advances 5% to reach Y91bn in year

By Emiko Terazono in Tokyo

BRIDGESTONE, [illegible] Japanese tyre maker, yesterday announced [illegible] 4.6 per cent rise in non-consolidated pre-tax [illegible] to Y91bn ($700m) for the [illegible] ending December 1990.

Sales [illegible] the [illegible] rose 3.6 per cent to a record Y724.2bn, and [illegible] profits [illegible] 28 per cent to Y52bn, [illegible] a [illegible] figure.

Tyre sales, which [illegible] for 76 [illegible] of [illegible] sales, remained flat, but [illegible] for non-tyre products, which include industrial rubber and chemical products [illegible] sporting goods, rose 16 per [illegible].

For 1991, Bridgestone expects non-consolidated pre-tax profits to fall 13 per cent to Y79bn, [illegible] to rise 2 per [illegible] Y740bn.

Bridgestone said that although the unconsolidated earnings were fairly positive, it expected the consolidated results not to be as good.

The company revised its 1990 consolidated earnings downward last December due to the heavier-than-expected losses at Firestone Tire and Rubber, the US company it bought two [illegible] for Y2.6bn. [illegible] projected [illegible] profit of Y10bn, down from an [illegible] estimate of Y20bn, and [illegible] of Y1,780bn.

The company expects to announce its consolidated [illegible] at [illegible] end of March, but [illegible] net profits might be lower than the [illegible] Y10bn, due to the higher value of the yen against other currencies.

AP-DJ writes from Tokyo: Bridgestone said it [illegible] plagued by a combination of rising oil prices, higher inter[illegible] and the yen's appreciation in the [illegible] half.

However, increased [illegible] in [illegible] domestic market helped [illegible] a fall in [illegible] in [illegible] and other big overseas mar[illegible] helped push up [illegible] and profits. Domestic sales, including tyres, sporting goods and other products, [illegible] 7 [illegible] cent to Y509.6bn, accounting for [illegible] per cent [illegible] overall sales.

On the other [illegible] exports, [illegible] Y214.69bn, [illegible] drop.

The group [illegible] for tyres [illegible] in [illegible] and Europe, but [illegible] America showed [illegible] drop because of [illegible] slowdown in [illegible] economy, [illegible] expansion [illegible] tyre production by Bridgestone.

HK bank may reveal reserves

By John Elliott in Hong Kong

THE Hongkong and Shanghai Banking Corporation [illegible] to consider revealing [illegible] of [illegible] secret inner reserves [illegible] its results [illegible] 1991 and 1992, [illegible] decided not [illegible] include [illegible] when [illegible] figures for last year [illegible] published [illegible] March 12.

[illegible] announced yesterday by Mr William Purves, chairman of [illegible] bank, [illegible] extraordinary general meeting which overwhelmingly approved [illegible] creation of a London-domiciled holding company, HSBC Holdings. Last year's profits [illegible] expected to be substantially lower [illegible]

A total of [illegible] per [illegible] of [illegible] yesterday [illegible] in favour of [illegible] change of domicile which [illegible] months [illegible] and [illegible] protecting [illegible] interests [illegible] Hong Kong approaches [illegible] return [illegible] sovereignty in 1997.

The move [illegible] bring [illegible] under European [illegible]nity legislation and [illegible] it [illegible] expected [illegible] by [illegible] directive on bank disclosure from the beginning of [illegible]

"The [illegible] will keep the issue under review annually [illegible] if there [illegible] merit [illegible] disclosure earlier (than [illegible] up [illegible] to decide," Mr Purves [illegible] yesterday.

Mr Purves [illegible] the Gulf [illegible] a serious impact [illegible] operations [illegible] the bank would [illegible] branch in Kuwait [illegible] possible.

Philippines copper group falls

By Greg Hutchinson in Manila

[illegible] Consolidated Mining and Development, the Philippines' largest [illegible] producer, yesterday blamed the effects of a powerful typhoon on Cebu province towards the end of last year for depressing 1990 net profit.

The company reported a net earnings fall to 309.95m pesos ($11.3m) for 1990 from 329.68m pesos the previous year, translating to earnings per share of 3.71 pesos against 3.94.

The falling peso last year is believed to have contributed to a slight rise in net operating revenue to 4.95bn pesos from 4.76bn.

"The company could have posted a higher [illegible] profit were [illegible] the super typhoon [illegible] copper operations in mid-[illegible] 1990, which disrupted power and [illegible] supply, damaged infrastructure and facilities, [illegible] induced [illegible] in [illegible] open pits," [illegible]

Mining operations were suspended for [illegible] week in the underground mines and [illegible] at Biga Pit, and for two months at Carmen Pit.

But Atlas' Masbate gold operations were unaffected by the typhoon and 1990 [illegible] production [illegible] record, the company said.

Atlas reported [illegible] its foreign currency loans were successfully restructured [illegible] with [illegible] payment of [illegible] per cent. A [illegible] saving [illegible] restructuring [illegible] an extraordinary gain. In 1989, [illegible] extraordinary gain [illegible] at [illegible] discount [illegible] per cent [illegible] before income tax.

"With the restructuring of both [illegible] US [illegible] peso Philippine [illegible] – combined with management steps taken to further reduce [illegible] operating efficiencies – the company [illegible] has [illegible] financial and operating flexibil[illegible] build and improve profit margins," Atlas [illegible]

Linter management in A$230m buy-out

By [illegible] Jacques in Sydney

[illegible] OF [illegible] best-known [illegible] in the Australian clothing industry will fall under foreign control following [illegible] A$230m [illegible] management buy-out [illegible] Linter [illegible] business.

Merrill Lynch [illegible] Part[illegible] an [illegible] the big US securities firm, [illegible] heading a syndicate [illegible] buy the remaining Linter [illegible] from the company's receivers.

The transaction follows the collapse early last [illegible] of the textile and building products empire controlled by Mr [illegible] Goldberg, the Melbourne busi[illegible]

Merrill announced yesterday it would finance the purchase, which includes the King Gee, Stubbies, [illegible] and Pelaco brands, with about [illegible] in equity. [illegible] facilities totalling [illegible] have [illegible] arranged by [illegible] Trust [illegible]

The [illegible] agreement, to be finalised by April, [illegible] marketing campaign conducted by Goldman Sachs and KPMG Peat Marwick. It also follows the sale last year of another key Linter asset, the Speedo swimwear brand, to Pentland Industries of the UK.

Mr Albert Fitzgibbons, Merrill Lynch Capital Partners executive vice-president, [illegible] that, although [illegible] maintain majority ownership of the Linter business, day-to-day decisions would [illegible] entrusted [illegible] company's existing [illegible]gers.

These include Mr John Blood, Linter managing director, and [illegible] David Gale, [illegible] director, heading [illegible] team [illegible] senior executives who will have equity participation in the [illegible] structure.

The [illegible] employ about [illegible] people. [illegible] purchase [illegible] subject to Foreign Investment [illegible] Board approval.

Howard Smith produces strong result

By Bruce Jacques

HOWARD Smith, [illegible] Sydney-[illegible] shipping and engineering group, [illegible] emerged from [illegible] controversial association with Mr John Spalvins' Ade[illegible] Steamship [illegible] with a strong [illegible] the first half [illegible] December.

[illegible] prof[illegible] A$104.1m [illegible] from [illegible] on a [illegible] in revenue to A$561.9m from A$413.7m. But the results included several abnormal items.

The company quit its interest in Adsteam, crystallising [illegible] loss [illegible] And it [illegible] down [illegible] in UK-[illegible] Markheath Securities, an Adsteam associate, by A$11.9m.

These losses were [illegible] than [illegible] by [illegible] profit on disposal of the company's [illegible] in Coal and Allied Industries, [illegible] Australia's biggest coal producers.

[illegible] minor adjustments, Smith reported [illegible] abnormal profit, against [illegible] a year [illegible]

Underlying net profit rose [illegible] per cent to A$35.4m. [illegible] directors [illegible] cut the [illegible] dividend to [illegible] cents a share [illegible] cents, [illegible] a share special dividend, taking [illegible] this [illegible]

D[illegible] said the company would maintain a [illegible] financial position [illegible] payout, with current [illegible] more [illegible] liabilities [illegible] a balance sheet showing long-term borrowings [illegible] against shareholders' equity [illegible] more than A$380m.

The report showed shipping [illegible] towage [illegible] the [illegible] profit centre, contributing A$17m before tax. [illegible] rose to A$13.1m [illegible] and depreciation took A$6.2m against A$6.5m. Tax provision rose to A$16.8m from A$12.9m.

Matsushita Electrical Industrial jumps 12%

By [illegible] Rodger in Tokyo

[illegible] net income of [illegible] – [illegible] Japanese electronics group which acquired MCA, [illegible] US cinema group, [illegible] November [illegible] more [illegible] $6bn – jumped 12 [illegible] to [illegible] ($547m) [illegible] the group's [illegible] quarter [illegible] December 31 on revenues up 9 per cent to Y1,784.3bn.

[illegible] pre-tax profits [illegible] up 8 [illegible] cent [illegible] Y183.7bn.

[illegible] of [illegible] in [illegible] period [illegible] included.

Matsushita [illegible] sales grew [illegible] per cent in the [illegible] quarter [illegible] Y1,003.5bn, [illegible] sales were up 10 [illegible]

[illegible] equipment [illegible] per cent [illegible] Y496bn, [illegible] brisk domestic camcorder [illegible] offsetting slow video cas[illegible] recorder [illegible] in Japan.

[illegible] appliance [illegible] grew 14 [illegible] Y234.4bn, reflecting the popularity of air [illegible] provide both heating [illegible] cooling and of the group's washing [illegible] cleaners.

Communication [illegible] equipment [illegible] jumped [illegible] per cent [illegible] Y384.1bn, thanks to strong [illegible] information equipment, [illegible] equipment [illegible] factory [illegible] equipment.

[illegible] nine months, Matsushita's [illegible] jumped 14 per [illegible] Y211.1bn, on revenue up 11 per [illegible] to Y5,031.4bn.

Restructure plan unveiled by Itoman

ITOMAN, the Osaka-based trading [illegible] that ran into [illegible] investing in [illegible] development, yesterday [illegible] a restructuring [illegible] Sumitomo Bank, its main banking partner, [illegible] reports [illegible] Tokyo.

Itoman's parent company will transfer [illegible] of its property-related investments [illegible] loans [illegible] the company said. The plan replaces [illegible] pledge to slash property investment and loans by Y350bn ($2.69bn) announced in [illegible]

[illegible] said the ailing textile trading company would now transfer [illegible] Y500bn of nearly Y1,000bn in land-related investments and loans.

[illegible] Japanese financial [illegible] Itoman owes money are expected [illegible] accept the plan.

Sumitomo, the world's third largest bank in [illegible] terms, pledged full support for the ailing Itoman.

However, Sumitomo denied Japanese [illegible] reports that the bank planned [illegible] reduce [illegible] loans to Itoman.

Suntory reveals decline of 21%

SUNTORY, a leading Japanese brewer and whisky maker, yesterday unveiled a 20.6 per [illegible] fall in unconsolidated pre-[illegible] profits [illegible] Y14.37bn ($110m) [illegible], AP-DJ reports [illegible] Tokyo.

Net income plunged 21 [illegible] Y4.87bn, [illegible] Y7.08 [illegible] share, from Y8.96 a [illegible] Overall [illegible] advanced 2.5 per [illegible] to [illegible]

[illegible] cited higher [illegible] rates, investment [illegible] and appraisal [illegible] due to [illegible] plunge in Tokyo [illegible] the fall in profits. [illegible] purchase of Cere[illegible] Pacific, a Singapore holding company, added to investment costs.

Beer sales rose 5.2 per cent to Y208.31bn. Food and non-alcoholic drink sales showed a [illegible] to Y139.46bn. However, [illegible] distilled liquor, Suntory's main [illegible] 4.7 per [illegible] hurt by [illegible] revision in alcoholic drink [illegible]

INTERNATIONAL CAPITAL MARKETS

Resilient durables data lead Treasuries lower

By Patrick Harverson in New York and Tracy Corrigan in London

STRONGER-than-expected durable goods orders data and continued uncertainty [redacted] the Gulf war left [redacted] bond prices broadly lower yesterday morning during light trading.

[redacted] midday the benchmark 30-year government bond was down $\frac{1}{16}$ at 97⅞, to yield 8.083 per cent.

The two-year note was also lower, down $\frac{1}{32}$ at 99⅞, yielding 6.988 per cent.

The market weakened from the outset after hopes of an imminent interest [redacted] were deflated by news from the commerce department [redacted] durable goods orders in January had fallen by 0.7 [redacted].

Analysts had [redacted] a decline [redacted] between 1.5 [redacted] cent and 2 per [redacted].

If the contribution of [redacted] orders to the [redacted] is excluded, durable goods orders [redacted] month dropped only 0.1 per cent, suggesting [redacted] while US industry [redacted] in [redacted] slump, [redacted] contraction [redacted] slowed [redacted] to a stop.

The figures were taken by the market as an indication that the recession may not be as steep as some feared, a point backed by a report from the National [redacted] of Business Economists, [redacted] only [redacted] slowdown in economic activity this year.

The Federal Reserve again intervened in the credit market [redacted] push [redacted] Fed funds rate lower.

Technical [redacted] continue [redacted] from the system, sending [redacted] which banks lend to [redacted] other higher.

Yesterday the Fed concluded $2bn worth [redacted] customer repurchase agreements to soften [redacted] Fed [redacted] rate, which initially showed no reaction, staying at its opening level of 6⅛ per cent.

■ Government bond traders in Europe say that they have now discounted an early end to the Gulf war [redacted] focusing more closely [redacted] fundamentals.

Prices in most European [redacted] fell [redacted] to [redacted] point, as dealers took the view that an early end to the war may speed [redacted] from economic recession, making conditions more favourable for equities than for bonds.

"The bond markets have rallied strongly, but have reached a [redacted] of exhaustion," said Mr [redacted] McKinnon, chief [redacted] Yamaichi International.

However, other analysts said it might take some time for economies to dig their way out of recession.

"The trend into recession is stronger and sharper than had been thought," said Mr Simon Briscoe, an analyst at Midland Montagu.

Also, the [redacted] weakening [redacted] engendered by the outbreak of war in the Gulf last month [redacted] not yet [redacted] through into economic data.

[redacted] steady fall [redacted] yields [redacted] months [redacted] not expected to continue.

The Japanese and [redacted] bond [redacted] could [redacted] vulnerable in the post-war climate: Japan and Germany may be expected to make substantial extra contributions to the reconstruction bill in the wake of the Gulf war, based both on the size of their economies and the lack of military contribution by either state to the allies' war effort, analysts said.

The bulk of such financing [redacted] likely to be raised through [redacted] government bonds.

The yield on the benchmark no 129 Japanese government bond has already returned [redacted] 6.35 per cent, from 6.2 per cent at the end of last week.

Concern that the need for further Bund issuance to help reconstruction in the Gulf balanced news of an increase in German income tax rather than value added tax – better for the bond markets because income tax is not inflationary.

The Bund future on the London International Financial Futures Exchange (Liffe) ended at 85.24, down 0.40 point.

The performance of the UK gilts market will [redacted] sensitive [redacted] of new issues.

Analysts [redacted] the mar[redacted] [redacted] able [redacted] absorb issuance [redacted] £1bn [redacted] month, [redacted] less.

The [redacted] on Liffe [redacted] at [redacted] from [redacted] at [redacted] close.

Trading volume was moderate, as most investors, [redacted] this and other markets, are waiting for [redacted] war [redacted] be resolved before making key investment [redacted].

■ Liffe [redacted] changing the [redacted] specification [redacted] its Ecu bond [redacted] contract, which [redacted] March 6.

The contract will be based on a notional Ecu bond with a 9 per cent coupon, rather than 10 per cent, Liffe [redacted] yesterday.

The change reflects [redacted] substantial drop [redacted] secondary Ecu bond yields in recent months, as well as the addition to the list of deliverable bonds of [redacted] UK's Ecu 2.5bn issue of 9⅛ per cent 10-year [redacted] and the European [redacted] Bank's 10 per cent bonds due 2001.

The change means that Italy's 10¼ per cent issue due 2000 is now likely to be the cheapest deliverable bond. [redacted] six deliverable bond issues [redacted] close to Ecu 10bn.

BENCHMARK GOVERNMENT BONDS

		[redacted]	Red [redacted]	Price	Change	[redacted]	[redacted] ago	Month ago
UK GILTS		13.500	09/92	103-25	-	10.78	10.69	11.38
		9.000	03/00	94-05	-05/32	10.00	[redacted]	10.22
		9.000	10/08	93-20	-07/32	9.76	9.66	9.95
US TREASURY *		7.750	02/01	98-28	-04/32	7.91	7.79	8.01
		7.875	02/21	97-22	-10/32	[redacted]	[redacted]	8.18
JAPAN	No 119	4.800	06/99	89.8038	-0.166	6.77	6.63	6.79
	No 129	6.400	03/00	100.2588	-0.202	[redacted]	6.27	[redacted]
GERMANY		[redacted]	[redacted]	104.3000	-0.370	[redacted]	[redacted]	[redacted]
FRANCE	BTAN	9.000	02/96	98.8476	-0.229	9.29	9.22	9.87
	OAT	9.500	01/01	102.7900	-0.560	9.05	8.97	9.53
CANADA *		9.750	06/01	101.2800	-0.108	9.56	9.43	9.92
NETHERLANDS		8.500	03/01	99.4500	-0.340	8.59	8.48	8.87
AUSTRALIA		13.000	07/00	108.5015	-0.302	11.49	11.36	11.83
BELGIUM		10.000	08/00	104.5500	-0.300	9.24	8.86	9.47

London closing, *denotes New York morning session
Yields: Local market standard — Prices: US, UK in 32nds., others in [redacted]

Technical Data/ATLAS Price Sources

Chile eases restrictions on capital investment

By Leslie Crawford in Santiago

CHILE'S central bank has authorised commercial banks to invest up to 25 per cent of their dollar time deposits abroad, in what is seen as a first step towards freeing the movement of capital in and out of the country.

The present foreign investment rules allow multinationals to establish themselves in Chile with relative ease, but they impose severe restrictions on Chilean companies that wish to invest abroad. Like much of Latin America, these restrictions were aimed at stemming capital flight following the 1982 debt crisis.

However, Chile's stable economy and the successful rescheduling of its $5bn commercial bank debt last year have convinced monetary authorities that capital flight is no longer a serious risk.

In fact, the central bank has been battling with the opposite problem – dollars flooding into the country as a result of the high price of copper – Chile's main export – a foreign investment boom and speculative capital attracted by the high interest rates offered on the central bank's own dollar-denominated paper.

As a result, the central bank's international reserves shot up to $5.36bn by the end of last year from $2.95bn in 1989, while dollar deposits in the commercial banking system now total more than $1.5bn.

The new regulations will allow commercial banks to invest up to $400m abroad in blue-chip stock and gilt-edged securities. Central bank officials say this is not a short-term measure to halt the appreciation of the Chilean peso against the dollar, but a tentative step towards the liberalisation of the country's capital account.

Investment analysts do not anticipate a flow of dollars out of the country. Chilean bankers say they are studying the various options before them and some investments may begin to take place in the second half of the year.

The next step will be for the central bank to allow Chilean companies, other than banks, to invest abroad. Mr Ricardo Ffrench-Davis the bank's director of studies, said foreign exchange regulations would be reviewed to allow Chilean companies to establish subsidiaries abroad, buy into foreign groups or to seek joint ventures outside Chile.

Exporting companies in mining, forestry and agribusiness have been clamouring for this, as having foreign branches would improve their marketing network and make them less dependent on foreign middle businesses.

However, for this to become an attractive proposition, Chile must first negotiate double taxation agreements with other countries. A few large Chilean corporations, such as Codelco, the state copper concern, the steelmaker Compania de Aceros del Pacifico and the paper manufacturer CMPC, have offshoots in the US and elsewhere, but they were set up as independent companies due to the absence of double taxation agreements. This in turn has restricted capital flows between the parent companies and their foreign units.

Chile's private pension funds, which hold more than 1,875bn pesos ($5.6bn) in assets, would also welcome regulations allowing them to invest abroad.

The pension funds argue that Chile's capital markets are too small to absorb their huge volume of savings, which equal almost 25 per cent of the country's gross domestic product. Investing some of these savings abroad would allow pension funds to diversify their portfolios.

ADB agrees direct borrowing of Y15bn

[redacted] Greg Hutchison in Manila

THE Asian Development Bank has agreed with a syndicate of Japanese banks and insurance companies, lead-managed by Bank of Tokyo, a direct borrowing of Y15bn ($114m), the ADB said yesterday.

The borrowing is in two tranches: Y7.5bn maturing in seven years, carrying a variable interest rate based on the Japanese long-term prime rate reviewed twice-yearly; and Y7.5bn with a maturity of 15 years and carrying a maximum interest rate of 7.8 per cent with an option to reset after two years.

Proceeds of the issue will be included in the ordinary capital resources of the bank.

Total funds raised by the ADB in yen, including this borrowing, amount to Y758.5bn, of which Y451.9bn is outstanding.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 5:10 pm on February 26

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	[redacted]
ABBEY NATIONAL 6 7/8 93	150	101⅛	101⅝		[redacted]
ALBERTA PROVINCE 9 3/8 95	600	104	104½		8.29
AUSTRIA 8 1/2 00	400	99⅝	100	-⅛	8.56
BANK OF TOKYO 8 3/8 96	100	98¼	99¼		8.65
BELGIUM 9 1/8 92	400	101⅛	101⅜	-⅛	8.09
BFCE 7 3/4 97	150	98	98⅝	+⅛	8.12
BMP 8 5/8 96	300	101⅝	102	+⅛	8.04
BP CAPITAL 9 5/8 93	150	102⅝	103⅛		8.25
CANADA 9 96	1000	[redacted]	104⅛		8.03
CARCO 9 1/4 96	650	[redacted]	98⅝	-⅛	9.77
CCCE 9 1/4 95	300	[redacted]	104⅛		8.06
COUNCIL EUROPE 8 96	100	[redacted]	[redacted]		8.25
CREDIT FONCIER 9 1/2 99	300	[redacted]	[redacted]	+⅛	8.52
DENMARK 0 92	250	[redacted]	[redacted]		[redacted]
DENMARK 8 1/4 94	150	[redacted]	101		[redacted]
EESC 8 1/4 96	193	100⅛	100⅝		[redacted]
EEC 7 1/4 93	250	99⅛	[redacted]		[redacted]
EIB 7 3/4 96	250	98⅝	[redacted]		[redacted]
EIB 9 1/4 97	600	103⅝	[redacted]		[redacted]
ELEC DE FRANCE 9 98	200	103	103⅛	+⅛	[redacted]
EUROFIMA 9 1/4 96	100	103⅛	103⅝	+⅛	[redacted]
EXPORT DEV CORP 9 1/2 98	150	105⅛	105⅝		[redacted]
FINLAND 7 7/8 97	200	97	[redacted]	+⅛	[redacted]
FINNISH EXPORT 9 3/8 95	200	[redacted]			[redacted]
FORD MOTOR CREDIT 9 1/2 93	300	[redacted]	101⅛		[redacted]
GEN ELEC CAPITAL 9 3/8 96	300	[redacted]	104⅛	+⅛	[redacted]
GMAC 9 1/8 96	200	100⅛	100⅝	+⅛	[redacted]
HALIFAX 9 1/2 93	200	102⅝	103⅛	+⅛	[redacted]
IBM WORLD TRADE 7 5/8 93	150	98	[redacted]	+⅛	[redacted]
IND BK JAPAN FIN 7 7/8 97	200	96	[redacted]	+⅛	[redacted]
INTER AMER DEV 7 5/8 96	200	97	97⅛		[redacted]
ITALY 8 1/2 94	1500	101⅛	101⅝		[redacted]
JAPAN DEV BK 8 94	150	100⅛	[redacted]		7.80
KANSAI ELEC PWR 10 96	350	104⅝	105⅛	-⅛	8.82
LTCB 8 5/8 93	150	100⅞	101¼	-⅛	8.20
NEW ZEALAND 8 93	100	100	100⅛	+⅛	[redacted]
NIPPON CRED BK 9 3/4 93	150	102⅞	103⅛	-⅛	8.44
[illegible]					

Further sections (OTHER STRAIGHTS, DEUTSCHE MARK STRAIGHTS, SWISS FRANC STRAIGHTS, FLOATING RATE NOTES): [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]					
CANADA 4 3/8 92	80000	96¼	97		6.99
CREDIT FONCIER 5 1/4 94	20000	[redacted]	[redacted]		6.73
DENMARK 7 95	40000	101½	[redacted]	+⅛	6.55
EIB 4 5/8 94	40000	94⅝	[redacted]		6.63
GENERAL ELECTRIC 5 3/4 93	35000	97⅛	98⅛	+⅛	7.00
INTER AMER DEV 7 1/4 00	30000	103¾	104¼		[redacted]
ITALY 5 3/4 92	150000	98¾	99¼		[redacted]
KANSAI ELEC PWR 4 5/8 94	60000	94¼	94⅝		6.73
NIPPON TEL & TEL 5 7/8 96	50000	97	97¼	+⅛	6.52
NORWAY 5 1/8 95	50000	94⅞	95¼		6.59
SWEDEN 5 5/8 95	20000	96¼	96⅝	+⅛	6.62
WORLD BANK 6 3/4 00	50000	101¼	101½		[redacted]

CONVERTIBLE BONDS	Issued	Cnv. price	Bid	Offer	Prem
[illegible]					
GRAND MET 6 3/4 02 £	100	6.58	110¼	111¼	+1.01
HAWLEY 6 02 PREF	400	1.91	97⅝	99⅝	+53.98
HILLSDOWN 4 1/2 02 £	150	4.16	105¾	107¼	
INTL PAPER 5 3/4 02	200	68½	98¾	99¾	+10.92
LAND SECS 6 3/4 02 £	84	6.72	89½	90½	+9.95
MITSUBISHI BK 1 3/4 02	300	2727.1	99⅞	101⅛	-3.05
OGDEN 6 02	85	39.077	76	77	+29.12
PACIFIC DUNLOP 6 3/4 97	75	3.749	113¼	114¼	-0.72
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	82	83	+64.25
THORN EMI 5 3/4 04 £	103	7.45	110⅝	111⅝	[redacted]75

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. [redacted] is [redacted] Spread = Margin above [redacted] offered rate (three-month above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: [redacted] in dollars unless [redacted] indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the [redacted]

INTERNATIONAL CAPITAL MARKETS

Ecu price war may damage sector

By Simon London

THE European Community yesterday launched two tightly priced deals into the Ecu sector of the international bond market, leading participants to conclude that extreme competition among firms was already damaging the sector.

The first deal to be launched was a Ecu500m addition to the EC's outstanding Ecu260m 9¼ per cent issue maturing 1996. The paper was priced at [illegible] to offer a yield comparable with the outstanding paper in the secondary market. The lead manager was Credit Suisse First Boston.

INTERNATIONAL BONDS

However, the Ecu [illegible] market softened during the day with yields in the five-year maturity rising by about 10 basis points. The paper traded at [illegible] a discount [illegible] full fees.

More controversially, the EC launched a Ecu500m [illegible] deal [illegible] managed by Dresdner Bank. The [illegible] a coupon of 9¼ per [illegible] was reoffered [illegible] at [illegible] fixed price [illegible] per cent.

The pricing [illegible] aggressive [illegible] several leading [illegible] in participate in the [illegible]. At [illegible] the [illegible] a [illegible] of 9 basis points less than the comparable French government Ecu-denominated OAT, although this spread widened [illegible] about 15 basis points as the French [illegible] ground [illegible] than [illegible].

The [illegible] manager [illegible] the syndicate would be broken today, leaving the bonds [illegible] trade. Participants in both [illegible] over-competition [illegible] the Ecu market had encouraged houses to bid too tightly for mandates.

RMC, the UK [illegible] materials group, made its [illegible] into the international capital [illegible] since 1971, with a £78m offering [illegible].

The 15-year [illegible] investors a 8¾ per cent coupon and the right to convert into RMC ordinary shares at 810p, a premium of 14 per cent to the mid-market share price before the deal was priced yesterday morning.

On Monday night the share price hit a 12-month high of 7[illegible]p before falling slightly.

The paper was issued by RMC Capital, a special purpose subsidiary, and guaranteed on a subordinated basis by the parent company.

The bonds will be accounted for as shareholders' funds by the borrower. The move will cut stated balance sheet gearing from 35 per cent to below 25 per cent, according to Mr Derek Jenkins, group finance director.

The lead manager reported buying from continental European institutions as well as UK investors. The deal was launched at £75m but soon increased to £78m, the maximum that could be issued without offering existing shareholders claw-back under guidelines set by UK institutional investors.

Nippon Telegraph and Telephone continued the steady flow of Canadian dollar paper with a C$200m 10-year deal lead managed by Deutsche Bank Capital Markets.

The bonds carry a coupon of 10¼ per cent and were offered to investors at the fixed reoffer price of 99.28 to yield 57 basis points over Canadian government paper.

The deal had been ready for launch since the middle of last week but the issuer chose to [illegible] until the [illegible] opportunities moved in its favour.

The lead manager said that [illegible] had [illegible] strong [illegible] in Canadian dollar paper from retail and institutional [illegible] in Germany. The bonds traded at 99.23 bid, inside full fees [illegible] basis points.

Philip Morris, the US [illegible] and [illegible] giant, became the latest [illegible] to face a split of the big three Swiss banks. Union Bank of Switzerland and Swiss Bank Corporation declined to participate in a [illegible] five-year deal [illegible] managed by Crédit Suisse.

The [illegible], which [illegible] a [illegible] of 7 per [illegible] was launched at a price of 102, was said to be [illegible] expensive by the [illegible] banks.

Last week, SBC [illegible] CS declined invitations to join a SFr150m deal [illegible] Air [illegible] lead managed by UBS for similar reasons.

● Credit Foncier, the French public [illegible] construction [illegible] institution, yesterday [illegible] 10-year paper in a hybrid domestic/international market issue.

The bonds are fungible with the borrower's existing FFr1.2bn domestic bond issue, maturing January [illegible] launched last year. It [illegible] a liquid [illegible] bond [illegible] designed to attract international investors [illegible] the domestic market.

The bonds share the structure of French government OATs [illegible] can be in either [illegible] or registered [illegible]. Settlement is through Euroclear and Cedel, the international bond market clearing houses.

The issue was also syndicated as a fixed-price reoffering, the first French domestic issue to follow the syndication technique favoured in the Euromarket.

However, the syndicate was composed of French banks led by Société Générale, Crédit Lyonnais, and Caisse [illegible] Depots. The bonds will be [illegible] in Paris and the issue [illegible] registered with the French authorities.

Lead manager Société Générale said the issue had succeeded in attracting international interest although buying was dominated by French investors. At the fixed reoffer price of 98.63, the paper offers a spread over French government paper of 54 basis points.

● US banks have a worse credit quality than European and Asian banks, according to Salomon Brothers, Reuter reports from Washington.

"The Anglo-Saxon [illegible] is having a difficult [illegible] with [illegible] quality," Salomon chief Mr Thomas Hanley told a conference of the [illegible] of International Bankers.

He noted that Spanish banks had shown the best credit quality improvement over the past *six to seven years. However, in* the global context, US banks stood a little above average with regard to [illegible] income, he said. He added that the ratio of market capitalisation to [illegible] domestic product in the US in 1989 [illegible] at 1.9 per cent against 40.3 per cent in Japan.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Tokyu Construction(a)♦	170	4¼	100	1995	2¼/1½	Yamaichi Int.
[illegible]	120	4¼	100	1995	2¼/1½	Nomura Int.
ECUs						
European Community(a)†	500	9¼	100.85	1998	30/15bp	Dresdner [illegible]
European Community(e)†	500	9¼	102¼	1996	¼/⅛	[illegible]
STERLING						
RMC Capital [illegible]	78	8¾	100	[illegible]	2½/1½	J Henry [illegible]
CANADIAN DOLLARS						
[illegible]	200	[illegible]	(c)	2001	⅝/⅛	[illegible] Cap.Mkts.
D-MARKS						
Aiken Corp(a)♦	100	4½	100	1995	2¼/1½	[illegible] AG
Shinko [illegible]	50	4½	100	1995	2¼/1½	[illegible]
[illegible] Ind.(a)♦	50	4½	100	1995	2¼/1½	[illegible] Secs.GmbH
SWISS FRANCS						
[illegible] Co.Inc.(a)†	250	7	102	1998	-	Credit [illegible]
[illegible]	100	6¾	101¼	2001	-	SBC
LIRE						
[illegible] Int.Fin.BV(a)†	100bn	[illegible]	101.85	1998	1⅞/1¼	Bca.Comm.Italiana
YEN						
[illegible] Gas Co.(a)†	30bn	7	101	[illegible]	1⅞/1.65	[illegible] Int.
[illegible] Int.Fin.Plc(a)†	10bn	7.35	101.35	[illegible]	1⅞/1¼	Yamaichi [illegible]
Marubeni Int.Fin.Plc(d)†	10bn	(d)	[illegible]	[illegible]	1⅞/1¼	[illegible]

★★Private [illegible] §Convertible. ♦With [illegible] warrants. †Final terms. a) [illegible] b) Callable at par [illegible] at par [illegible] premium fixed at 14%. c) Fixed price [illegible] Non-callable. d) Coupon pays 7.35% for first 3 months, then steps up to 8½% for 21 months, then steps down [illegible] maturity. Non-callable. e) Fungible with existing Ecu260mn deal. Non-callable.

Cebu to float 300m pesos of equity bonds

By Greg Hutchison in Manila

CEBU, a province of the Philippines which unashamedly bills itself to foreigners as *"the island in the Pacific"*, is to float 300m [illegible] ($10.7m) [illegible] equity bonds as a first [illegible] to meeting a Manila funding shortfall.

The "Cebu Equity Bond Units", or CEBUs, are a first for cash-starved Manila and are being talked of in official circles as a model for future development funding. [illegible] managers are Development Bank of the Philippines and Bank of the Philippine Islands.

Strong interest is reported from bankers and brokers because of Cebu's sustained economic growth in [illegible] years. Over the past four years, Cebu's economy has grown by more than three [illegible] the national yearly [illegible] of about 4 per cent.

[illegible] unit holder will receive payment [illegible] in Property Ventures [illegible] Development Corp (CPVD), a 1.0bn [illegible] joint venture between [illegible] Province and Ayala Land, the real estate arm of Ayala Corp, one of the Philippines' largest companies.

[illegible] selling to the public, including foreigners, through "B" [illegible] entire [illegible] per cent interest in CPVD, which owns property in the city of Cebu, increasingly the [illegible] of investment from [illegible].

Ayala Land has a contract to develop the site as a business district. Ayala Corp owns Makati, Manila's principal financial district.

The [illegible] will be used principally for financing a road [illegible].

The units, according to a prospectus, are redeemable in instalments of 20 per cent over a three-year period and pay 16 per cent tax-free a year.

An investor also qualifies, through a pre-determined formula, to share in any capital appreciation arising from the shares pledged by the Province to secure the equity bonds.

Mr Emilio Osmena, governor of Cebu, said there were plans to list the equity bonds on Manila's twin stock exchanges.

ADR trading volumes on US exchanges rise 25%

By Stephen Fidler, Euromarkets Correspondent

TRADING volumes in American depositary receipts – foreign shares packaged for US investors – rose by 25 per cent on US exchanges last year, [illegible] the sluggishness of stock markets, according to a survey published by the Bank of New York.

The bank, a leading US depositary, [illegible] that exchange trading volume rose to $75bn last year from about $60bn in 1989. However, most of this increase came in the first half of the year.

The invasion of Kuwait by Iraqi forces in August led to a

INTERNATIONAL EQUITY ISSUES

fall in trading volumes from which the market has emerged only this month – which by early estimates [illegible] a record.

If ADR trading on the over-the-counter market is added, [illegible] trading volume [illegible] an [illegible] $125bn. The bank made no estimate for 1989 of this figure.

However, the capital raised through new issues of ADRs fell last year to $1.74bn in 11 offerings from $2.61bn in 1989, raised in 20 offerings. The peak year was 1987 when $4.59bn in new capital was raised.

The bank [illegible] that the increase in trading volume reflected not only the continued growth of US institutional investor interest in foreign [illegible] – smaller institutions are now investing more in foreign shares – but also the emergence of buying of ADRs by small investors.

It said a trend towards linking international share portfolios to indexes would add liquidity to the ADR market, citing an independent survey of 500 stockbrokers which indicated 82 per cent preferred ADRs to direct investment in the ordinary [illegible] of [illegible] companies.

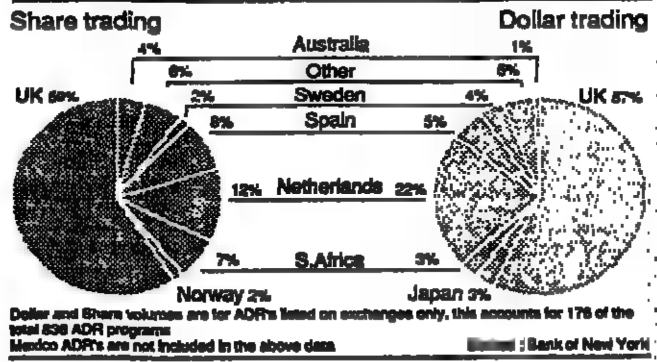
UK companies continue to [illegible] the ADR [illegible] – they were responsible for 57 per cent of trading volume in [illegible] year, followed by Dutch companies ([illegible] per cent) and Spanish companies ([illegible] per cent).

But the bank also reported growth in [illegible] ADR programmes for Latin America. The first Chilean company, the privatised telephone company, was traded on the New York Stock Exchange, while Mexican privatisations also added to volume. Further privatisations, including those in Venezuela and Argentina, may be traded in ADR form, the bank said.

Bank [illegible] said the development of a private placement market under the Securities and Exchange Commission's Rule 144a had [illegible] the ADR market as had once been thought. Most 144a offerings were now [illegible] in ADR form. The creation of ADRs avoided the possibility of an almost automatic flowback of ordinary [illegible] on to the [illegible] market once the three-year "lock-up" period for a private placement expired.

Some companies were also expected to create parallel public ADR programmes to run alongside their 144a ADR programmes, as had the Swedish company Atlas Copco.

ADR trading volume by country 1990



Dollar and Share volumes are for ADR's listed on exchanges only, this accounts for 176 of the total 836 ADR programs
Mexico ADR's are not included in the above data
[illegible]: Bank of New York

Israel stock market move

THE [illegible] to permit foreign companies to [illegible] funds on the Tel Aviv stock market through [illegible] bonds, Reuter reports from Jerusalem.

But the [illegible] of money foreign companies will be allowed to [illegible] out of the country will be limited to [illegible] per cent of any new issue.

Previously the central bank had turned down applications by foreign companies to issue shares on the [illegible] market.

The change of policy "will make the Israeli stock market [illegible] international," Bank of Israel official Mr Gideon Schurr said.

"Now we need local investments, [illegible] Israeli [illegible] abroad."

The bank's decision [illegible] requests by several foreign companies.

The bank said some companies withdrew their applications after they were told they would have to invest [illegible] per cent of any issue [illegible] in Israel.

"We may in the future make the possibility more attractive by further relaxing the limitations," Mr Schurr said.

New futures exchange in US

A NEW futures exchange has announced it will begin trading in the US, writes Barbara Durr.

The Minneapolis-based Twin Cities Board of Trade (TCBT) said the Commodity Futures Trading commission had granted it contract market status to trade futures on currency cross rates between sterling and the D-Mark.

Mr Sean O'Toole, TCBT president, said cross rate currency trading was the fastest growing segment of the cash foreign exchange markets.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS — Tuesday February 26 1991

[illegible]

FIXED INTEREST

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	76	9
Corporations, Dominion and Foreign Bonds	1	7	13
Industrials	360	273	921
Financial and Properties	165	153	431
Oils	26	21	45
Plantations	1	0	9
Mines	50	28	86
Others	59	40	48
Totals	[illegible]	598	1,562

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	105	102	East German Inv. Tst.	105	+2	-	-	-	-
§100	F.P.	-	95	98	♦Eidos 10p	99	+1	-	-	-	-
-	F.P.	-	18	15	♦Europe Energy 5p	15	-1	-	-	-	-
-	F.P.	-	3625	3475	Eurotunnel Foder. Wrnts	3575	-25	-	-	-	-

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

● First Dealings Feb. 18
● Last Dealings March 1
● Last Declarations May 30
● For settlement June 10

For rate indications see end of London Share Service

[illegible] in Acals, Anglia [illegible] Homes, Argyll, Berisford Intl., Bridgend, Cranswick Mill, CRH, Egerton Trust, Geers Gross, Markheath Secs., Ossory Ests., Singer & Friedlander, Stakis, Standard Chart'd., Thurgar Bardex, Tuskar Res., UK Land and Warringtons. Puts in Cliff Res. and Ratners. Put and call in Tuskar Res.

LONDON TRADED OPTIONS

[illegible]

February 26 Total [illegible] 27,987
Calls 17,292 Puts 10,695
FT-SE Index Calls 4,798 Puts 2,572
Euro FT-SE Calls 613 Puts 168
*Underlying security price. † Long dated expiry mths

City disappointed by Natwest dividend

By David Lascelles, Banking Editor

NATIONAL Westminster Bank's pre-tax profits of £504m, though depressed by high bad debt provisions, were much in line with market expectations; but the [redacted] of only 5 per [redacted] in the dividend disappointed some analysts after Lloyds Bank's 15 per cent rise last Friday.

Lord Alexander, [redacted] chairman, said that "in a period of [redacted] economic downturn and uncertainty" it was appropriate to exercise caution.

He did not expect to see any [redacted] in the [redacted] economy until [redacted] second half of the year at the earliest, "so conditions this [redacted] will remain harsh".

The result marked an [redacted] of 25 per [redacted], [redacted] when NatWest made over £1bn of provisions against Third World debt.

This time round, the bank had [redacted] more [redacted] double its provisions for domestic bad debts to £695m.

There [redacted] also [redacted] large additional provision for international loans, not counting Third World debt, of [redacted] This related mainly to NatWest's US operations, which have been badly hit by the collapse of the real estate market in the north east.

Mr Tom Frost, chief executive, [redacted] results "clearly require firm action, and [redacted] taking it". He [redacted] was raising provisions, improving credit [redacted] to increase income [redacted] controlling costs.

The main contributor to [redacted] total was UK financial services with £591m. This result was sharply down on the previous year's £948m because of the UK recession. It included a strong £97m contribution from NatWest Insurance Services, the group's growing insurance broking arm.

Corporate and institutional banking made £219m, reversing a loss of £485m the previous year when Third World debts took their toll. As a result of a policy of asset sales, NatWest has reduced its Third World exposure from £1.8bn to £645m.

International businesses lost £257m, enlarging the previous year's loss of £43m. The main culprit was the US subsidiary which lost £167m. NatWest has already announced a series of measures to deal with the problem. The Australian operation lost [redacted] Market conditions in other countries were [redacted] difficult. International pri[redacted] banking showed an improved performance.

The loss of £49m at NWIB, the investment banking arm, extended a long string of losses at this troubled end of the group. All parts of NWIB were hurt by depressed securities markets and corporate finance, though the main losses were in equity dealing. Lord Alexander said the group would have to decide within two years at the most what to do with NWIB.

NatWest's group balance sheet grew by 4 per cent to £121bn. The capital ratios remained adequate with the group's "Basle" rating remaining unchanged at 9.1 per cent, compared with an internationally agreed minimum of 8 per cent.

The group's total costs rose by 12 per cent to £3.99bn, pushing the cost to income ratio from 66.6 per cent to a high level of 70.9 per cent. Mr Frost said that NatWest hoped to [redacted] 15,000 jobs on the banking side over the period of 1989-1993, with 9,000 more to go. This would lead to cost savings of at least £400m a year by 1993.

The large size of NatWest's general provisions, which are not allowable for tax, and the large losses abroad which cannot be offset against UK tax, left the group with an unusually high tax charge of 58 per cent.

The board is recommending an unchanged final dividend of 11.375p, bringing the total to 17.5p, an increase of 5 per cent.

Annual meeting proves a tough fixture for Spurs' shareholders

By Jane Fuller

DISGRUNTLED shareholders in Tottenham Hotspur, owner of the first division football club, came away from the annual meeting with little to show for their series of attacks on the board.

The 3½-hour, sometimes acrimonious meeting at the club's White Hart Lane ground in north London, proved to be a tough fixture for the 700 shareholders who packed the hall.

They failed to get a clear view of either the future, in the form of a financial rescue, or the past, notably the drain on footballing profits caused by ill-fated forays into textiles.

Nor did they see additional heads roll among the remaining directors who presided over a build-up of £12.3m bank debts and a £1m pre-tax loss in the year to May 31 1990.

The [redacted] have been suspended at 91p [redacted] last October, and Midland Bank is providing short-term [redacted]ing while asset disposals and a capital injection [redacted] arranged.

As Mr Paul Bobroff, former chairman, was not up for re-election and Mr Irving Scholar has left the main board, attempts were made to thwart the re-election of Mr Tony Berry, former chairman of Blue Arrow, and of Mr Ian Gray, who joined the board after the crisis broke.

Although the shows of hands were hostile, the polls (including proxies) resulted in both men being re-elected with roughly 3 to 1 majorities – or up to 80 to 1 in terms of the number of shares represented by their heavyweight supporters.

Paul Gascoigne – "An offer we simply can't refuse" could see the England World Cup star on his way

No such problems were experienced by the new chairman, Mr Nat Solomon, formerly chairman of Pleasurama. He did, however, provoke groans when he said that if an offer "we simply can't refuse" were made for England World Cup star Paul Gascoigne, it would have to be considered.

Mr Solomon said refinancing discussions were taking place with a number of parties, including the possibility of a rights issue. Mr Robert Maxwell, whose secret negotiations with Mr Scholar aroused a Stock Exchange investigation, was not one of the partici[redacted].

After Mr Solomon had fielded [redacted] questions from the Tottenham Independent Supporters Association, its representative, Mr Steve Davies, said he was disappointed. "We are concerned that proposals are not yet in place."

Mr Ronnie Jacobson, a stockbroker, described the 1989-90 accounts as "almost meaningless". He called for a proper breakdown of the losses, asked about possible rights issue terms and said those responsible for the disaster should put their heads on the block.

Berisford chief executive quits

By Maggie Urry

MR PETER Jacobs, [redacted] executive of Berisford International, [redacted] heavily-borrowed [redacted] and property group, is [redacted] with [redacted] from Friday. His departure will follow the group's annual meeting tomorrow.

Analysts [redacted] that Mr Jacobs' departure was not entirely [redacted] he was associated [redacted] old guard [redacted] Berisford, principally with Mr Ephraim Margulies, [redacted] for[redacted] chairman.

[redacted] actively selling [redacted] cut [redacted] debts. [redacted] it sold British Sugar, [redacted] processing company, for [redacted] analyst said [redacted] Mr Jacobs, "there [redacted] nothing left [redacted] him [redacted] run."

Mr Margulies and [redacted] other Berisford directors were ousted by institutional pressure last spring. The 1990 accounts showed that £3.3m had been paid as compensation to former directors. The group said last night that compensation had been agreed with Mr Jacobs at less than the full amount he would have been entitled to under his contract. His salary was £380,000 and he was thought to have a five-year contract.

Mr Murray Stuart, who was brought in as [redacted] financial officer last July and who has [redacted] heavily involved in [redacted] group's refinancing talks with [redacted] to take [redacted] as chief executive. Mr Peter Butler, formerly finance [redacted] at British Sugar, is to move into Mr Stuart's job. Mr Barry O'Connor, company secretary, will join [redacted] board.

Mr [redacted] joined [redacted] in 1986 [redacted] managing [redacted] British Sugar. He [redacted] respected by analysts for reversing a price cutting policy [redacted] profits. Mr [redacted] presided over a sharp [redacted] in profits [redacted] British Sugar, and became chief executive of Berisford in December 1989.

Mr John Sclater, non-execu[redacted] chairman of Berisford, said yesterday [redacted] Mr Jacobs had made [redacted] "huge contribution" by enabling Berisford to sell British Sugar for "a very satisfactory price, on which the group's survival depended."

Sedgwick cautious on forecasting rate rises

By Richard Lapper

THE PROSPECTS for [redacted] hardening in [redacted] and [redacted] being overstated, according [redacted] Mr David Rowland, chairman [redacted] Sedgwick Group.

He [redacted] expect [redacted] increase [redacted] "While commentators in the insurance industry have long been forecasting inc[redacted] ... we have been and remain [redacted] in our view," he said.

Mr John Hurrell, managing director of Sedgwick [redacted] London, which handles Sedg[redacted] industrial [redacted], said that although UK [redacted] had [redacted] seeking [redacted] of between 15 and [redacted] per cent, "generally we are seeing renewals at the old rates".

Since the bulk of Sedgwick's brokerage income comes from percentage-based commissions charged on premiums, continued depression, especially in the US and European markets, which are particularly signifi[redacted] for the group, can be expected to [redacted] potential future growth.

■ COMMENT

The good thing [redacted] the exceptional charge announced yesterday is that it [redacted] help guarantee a further slimming of operating costs at a time when the opportunities [redacted] revenue growth in the group's core insurance broking activities are somewhat limited. Certainly the immediate response of the stock market was positive with the share price rising 4p to close at 239p, despite the impact on profits and the decision to hold the dividend. During 1991 cost cutting should feed through into a slower rate of expenses growth, expected to be no more than 4 per cent, compared to an underlying growth of 6 per cent last year. Sedgwick is also expecting the dollar to strengthen later this year (it is hedging only 40 per cent of its dollar income in the second half of the year compared to over 60 per cent in the first half). However lower interest rates will depress investment income and continuing softness in international insurance markets, means that earnings are likely to be flat. Although there is a good chance that insurance rates should finally begin to firm up in 1992, 1991 profits will do well to maintain the underlying £90.7m reached last year. The shares, on a prospective multiple of 17.2, compared to the historic sector p/e of 18.4, are obviously reflecting hopes of faster profit growth in 1992.

Another director leaves Burton board

By [redacted] Thornhill

THE DEPARTURE of [redacted] old guard [redacted] Burton Group contin[redacted] yesterday as Mr Paul Plant, joint managing director, announced [redacted] would [redacted] retailer [redacted] end [redacted] the month.

Mr Plant, who was largely responsible for Burton's costly [redacted] into property [redacted]opment and financial services, was very much associated with [redacted] regime of Sir Ralph Halpern, who quit as chairman and chief executive last November.

[redacted] month Mr Mike Wood announced he was leaving [redacted] as finance director; so Mr Plant's departure therefore [redacted] little surprise [redacted] the City, although [redacted] still slid [redacted] 91p yesterday.

Mr Plant, [redacted] had worked at Burton for 21 years, will receive £600,000 as compensa[redacted] office. This represents two year's salary, although he still had [redacted] of his [redacted] left [redacted] run.

Over [redacted] Mr Plant [redacted] has [redacted] right to receive [redacted] further £600,000 [redacted] the company's [redacted].

A spokesman for Burton [redacted] further board appointments were likely to be made in the next few months.

Kalon [redacted] 31% in adverse conditions

KALON GROUP, [redacted] Yorkshire-based paint maker, shook off adverse trading conditions to produce a 31 per cent increase in pre-tax profit in 1990, writes Jane Fuller.

The taxable figure rose to £5.9m (£4.5m) on sales of £87m (£80.2m). This was helped by a decline in interest payments to £880,000 (£1.5m).

Mr Mike Hennessy, managing director, said £3.1m cash had been built up by the end of the year. "Over three years we generated nearly £29m. About £10.5m has been invested in 24 trade centres and other plant and equipment, leaving a net improvement of £18m."

The decorative paint division made an operating profit of £6.9m on sales of £74m. Both the paint supplied to retailers and to the decorating trade contributed to the growth.

A new plant in Morley making sundries, such as white spirit and wallpaper paste, produced nearly twice as much as had been budgeted for, creating £2m to £3m extra turnover.

Industrial coatings had, however, been hit by the recession, falling into losses of £280,000.

Smaller [redacted] were recorded in the chemicals division and in Spain, both of which should break even this year. The export division made a profit of £330,000.

Earnings rose to 3.64p (2.71p). A final dividend of 1p makes a total of 1.5p (1.2p).

The share price, which has risen from 24½p last April, gained another 3p to close at 45½p yesterday.

UK COMPANY NEWS

Sir Michael Angus brings [redacted] touch of humour to the annual meeting

Diversity is behind Unilever's success

By Clay Harris, Consumer Industries Editor

SIR MICHAEL Angus, Unilever's chairman, devotes a great deal of effort to enliven annual results meetings for analysts and the press. This year, he supported his act with a shopping bag full of props – the new products of which he was most proud.

Out [redacted] an ice-cream bar "so [redacted] I can thoroughly recommend it". Out came card-[redacted] cartons for liquid detergents. A "slightly sophisticated" mix-your-o[redacted] detergent being test-marketed in Germany was fetched [redacted] display.

His wit, moreover, is never far from the surface. Asked about [redacted] of [redacted] group's fragrance products, Sir Michael said: "We followed it up with Elizabeth Taylor's [redacted]sion for Men, which we all knew about anyway."

That prompted him [redacted] [redacted] "provocative" advertisement for Calvin Klein's Obsession, [redacted] Unilever fragrance.

"I was asked [redacted] comment on [redacted] tangle of bodies. I asked [redacted] familiar [redacted] things and [redacted] told it [redacted] an [redacted]. I didn't know how [redacted] judge an orgy, so I counted the number of legs, [redacted] I [redacted] you," [redacted] concluded triumphantly, "there was [redacted] number".

However, [redacted] are [redacted] seri[redacted] points behind Sir Michael's mock-comic turn. One [redacted] play his personal excitement about the infinite variety of products Unilever makes.

The other is that Unilever's sheer size, diversity and global spread mean that it is rare for any single business to affect its [redacted] materially. Instead, [redacted] few themes [redacted] for a brief moment in the limelight.

In 1990, these included:

● [redacted] of acquisitions to turnover growth. They accounted for half of the 6 per cent rise in sales by volume.

● a hint of faint praise [redacted] the Elizabeth Arden and Calvin Klein fragrances businesses. "Together they're more than paying their debt," [redacted] Michael.

● the serious competitive problems Unilever still faces in the US and Japanese detergent markets, both of which require heavy promotional spending to establish new prod[redacted]

● [redacted] fall in North America's contribution to [redacted]ating profits – now only [redacted] per [redacted] – and a [redacted] that acquisitions are [redacted] the balance.

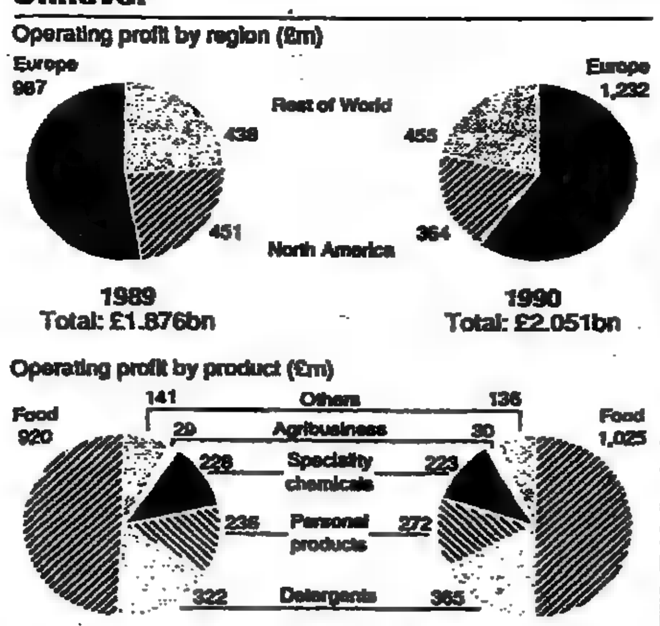
● [redacted] consistently cautious approach [redacted] joint [redacted] in eastern Europe, although [redacted]tiations [redacted] underway [redacted] Czechoslovakia, Hungary, Poland and Yugoslavia. Unilever [redacted] still [redacted] comfort[redacted] "pipeline-filling" growth like the £150m in sales last year in [redacted] former East Germany.

● strong performances [redacted] India, [redacted] and [redacted] America, especially in Chile.

● finally, a determination not to reduce planned spending [redacted] capital investment [redacted] [redacted] development, which [redacted] £430m respectively [redacted] 1990.

[redacted] was [redacted]: "We've demonstrated our [redacted]lence [redacted] times of recession in [redacted] past [redacted] we're [redacted] that our strength will continu[redacted] stand us in good stead."

Unilever



New role on Tate & Lyle board

By Maggie Urry

TATE & LYLE, the sweeteners group, has created [redacted] new boardroom role of group [redacted]aging director.

The company said [redacted] would [redacted] Mr Neil Shaw, chairman [redacted] chief executive, to take a more strategic view of the business, which has become larger and more complex.

Mr Stephen Brown, 51 and currently president of Alcan Rolled Products, part of Alcan, has been selected to fill the new position. He will take charge of the day-to-day running of the operations.

The group also said that Mr Brown would be well placed to succeed Mr Shaw, 62, when he eventually retires, although Mr Brown was not yet heir-apparent.

Mr Brown joined Shell from university but moved to Alcan in 1970.

His experience covers finance, manufacturing [redacted] corporate planning. Tate said his career in Europe and North [redacted] him to its geographical spread.

Tate [redacted] that Mr Shaw now [redacted] the operations were running smoothly and [redacted] better focused. He would now look to expansion [redacted], [redacted] as [redacted] more time [redacted] outside interests.

Overseas sales expansion [redacted] Campari rises 15% to £4.77m

By Clare Pearson

CAMPARI International, the [redacted] sportswear group, yesterday announced pre-tax [redacted] of £4.77m in its first set [redacted] Wing Tai, [redacted] South East Asian garment manufacturer, acquired a [redacted] per [redacted] July.

After having fallen to £4.15m in 1989, profits for the year to [redacted] 1990 [redacted] to [redacted] per cent higher. Turnover, [redacted] also [redacted] in [redacted] previous [redacted], rose by [redacted]

Mr Christopher Cheng, [redacted]man, said the results were a vindication of Campari's drive into Europe. The proportion of sales made overseas rose from 52 to 58 per cent during the year.

Campari sources its clothes mainly from the Far East. Weakness in the Hong Kong dollar helped it hold prices down compared with competitors during the [redacted]. However, it said hedging policies meant [redacted] was [redacted] direct effect from currency movements in the figures.

Wing Tai, whose sales top £200m, said it saw its role at Campari as supportive shareholder rather than manager. It has a similar stake in Vivat Holdings, the Lee Cooper jeans distributor.

Campari said it was seeking acquisitions in the Netherlands or in Germany, which had proved a particularly buoyant market for its sportswear during the year.

Profits at the operating level were £4.39m (£4.1m). Net interest receivable rose to £375,000 (£47,000). [redacted] were down by 11 per cent on [redacted] and [redacted] were £7.47m (£2.27m).

Earnings per share rose to 37.39p (31.99p). The final dividend is 8.5p making 11p (10p).

Wing Tai bought its stake from Mr Ake Nordin, the Swedish businessman involved in UK property development [redacted] had acquired it in [redacted]

■ COMMENT

It [redacted] be said that this strong rise in profits repre[redacted] only [redacted] recovery from [redacted] when [redacted] slipped by 3 per cent and [redacted] pre-tax line fell by 13 per cent. In spite of that hiccup in its growth record, only the [redacted] grudging [redacted] Campari's evident strengths in design and sourcing. Its sporty styles [redacted] resilient to general changes in fashion [redacted], and it [redacted] reputation for keeping [redacted] Far [redacted] suppliers tightly in line. Wing [redacted] only rein[redacted]. There seems no evidence [redacted] support the hope, however, [redacted] south [redacted] Asian company [redacted] predatory ambitions [redacted] Campari. [redacted] assuming [redacted] bid [redacted] not on [redacted] cards. [redacted] rating on the shares [redacted] not look demanding: assuming pre-tax profits [redacted] of £5.2m, the prospective p/e is about 6. The 25 per [redacted] charge will rise over time, but not yet. Though [redacted] company [redacted] soundly-based.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications [redacted] as to [redacted] dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interim- Elsco

Finals- Akzo, BWD Securities, Cityvision, Commercial Union, Dunedin [redacted], Growth Inv Trust, Foreign & Colonial, General Accident, LASMO, Nykredit [redacted] Bank, SKF, St Modwen Props.

FUTURE DATES

Interims-	
Castle Communications	Feb. 28
[redacted]	[redacted] 12
Halstead (James)	[redacted] 21
Mucklow [redacted]	Mar. 7
Pict Pe[redacted]	Mar. 7
Finals-	
Clarke (T)	Mar. 14
Gaskell	Mar. 7
Heywood Williams	Mar. 6
More O'Ferrall	Mar. 7
Pendragon	Mar. 28
Reece	Mar. 4
Rolls-Royce	Mar 7
Sale Tilney	Mar 14

NEWS DIGEST

Improved margins at Microfilm

IMPROVED margins [redacted] Reprographics, the photographic [redacted], [redacted] show further progress in [redacted], [redacted] pre-tax [redacted] increasing by 8.5 per cent, from £3.32m to £3.61m.

[redacted] was [redacted] on [redacted] showing a near [redacted] per [redacted] reduction, from £16.36m to £[redacted]

[redacted] rose [redacted] 4.33p (3.8[redacted]) and the interim dividend is lifted [redacted] 1.2p (1p).

TR High hit by weak economy

In its first set [redacted] results since coming to the market in Sep[redacted] [redacted], TR [redacted] Trust reported that in [redacted] period [redacted] end-December 1990 net [redacted] value per ordinary [redacted] at [redacted] undiluted.

Total income was £1.54m and [redacted] tax and administrative [redacted] net revenue to[redacted] £957,000. Earnings per [redacted] came [redacted] a fifth interim dividend [redacted] 0.4p [redacted] a total of 6p.

Revenue rise for Pacific [redacted]

[redacted] per [redacted] ordi[redacted] share [redacted] the [redacted] Trust fell from 277.9p [redacted] the year [redacted] January 31. The fully diluted figure declined from [redacted] 172.7p.

Available revenue rose to [redacted] (£172,000) [redacted] of [redacted] (£64,000). Earnings amounted to [redacted] (1.43p). The proposed [redacted] 1.875p (0.875p), which [redacted] non-recurring 1p.

Wassall disposes of Italian subsidiary

Wassall [redacted] completed [redacted] posal of Alucaps Italiana, [redacted] subsidiary, [redacted] a private [redacted] group for a total [redacted] (£1.74m) [redacted]

The group [redacted] L1bn [redacted] completion and [redacted] will be receiv[redacted] in [redacted]

Updown Investment net [redacted] value down

At December 31, net asset value of Updown Investment had fallen [redacted] 442p, against 511.6p six [redacted]

At the end of 1989 it [redacted] 513p.

Over the year gross revenue rose to £834,000 (£684,000) and earnings per share worked through [redacted] 13.17p ([redacted]). The dividend [redacted] lifted 2p [redacted] 11p.

J H[redacted] builds profits of £0.58m

By the end [redacted] 1990 J H[redacted] & Son (Fenton), [redacted] maker [redacted] night storage bricks and refractories for [redacted], had pushed pre-[redacted] profits to [redacted], turning round [redacted] the previous year's [redacted] £172,000.

The improvement was achieved in spite [redacted] per [redacted] in turnover to £7.96m (£8.85m).

Labour problems [redacted] £151,000, taken as [redacted]tional item, [redacted] by a [redacted] fire insurance claim.

Earnings [redacted] 10.9p (losses 5.1p). The final dividend is 1.5p to raise the total to 2.5 (2p).

DIVIDENDS ANNOUNCED

	[redacted] payment	[redacted] payment	[redacted]-ponding [redacted]	Total for year	[redacted] year
Brit Aerospace ......fin	[redacted]	[redacted]	[redacted]	25	[redacted]
Campari ......fin	8.5	Apr 29	[redacted]	11	10
Hewitt (J) ......fin	1.5	[redacted] 15	1	2.6	2
Kalon ......fin	1	-	0.8	[redacted]	1.2
Microfilm Repro ......int	1.2	[redacted] 31	1*	-	[redacted]
NatWest Bank ......fin	[redacted]	May [redacted]	[redacted]	17.5	[redacted]
Pacific Assets ......fin	[redacted]	Apr 26	nil	1.875	0.875
Sedgwick ......fin	8	Apr 26	8	[redacted]	[redacted]
TransAtlantic ......fin	7.5	-	7	13.5	[redacted]
Unilever ......fin	13.3	[redacted] 22	12.24	[redacted]	[redacted]
Unilever NV ......fin	3.83‡	[redacted] 24	3.35	5.27	4.27
Updown [redacted] ......fin	11	Apr 3	9	11	9
TR High Income ......int	0.4☆	Apr [redacted]	-	[redacted]	-

[redacted] shown pence per [redacted] net except where [redacted] stated. *Equivalent [redacted] allowing [redacted] scrip issue. [redacted] capital [redacted] by rights and/or acquisition [redacted]. ☆Includes 1p special non-recurring payment. ‡In guilders. ☆Fifth interim.

BAe to rationalise commercial aircraft side

By Paul Betts, Aerospace Correspondent

BRITISH AEROSPACE is expected to unveil soon a restructuring programme for its commercial aircraft operations.

The move is likely to involve job cuts and rationalisation of manufacturing facilities in the UK and the US.

Professor Roland Smith, BAe's chairman, said a reduction of the workforce and rationalisation of production [illegible] bring it in line with long-term trends remained a priority.

Although cost cutting would affect all areas of the group's diverse businesses, the current slump in the civil [illegible] industry had accelerated the restructuring process in the company's commercial aerospace division.

The weak dollar had also put additional pressure on BAe to cut costs and improve productivity in its commercial aircraft operations, which currently employ about 25,000 people at six plants in the UK and a further 1,000 in the US.

BAe has already written to its entire commercial aircraft workforce saying that it was undertaking an extensive review of the business.

The group has already launched a separate restructuring of its military aircraft business, including the closure of two plants at Kingston-upon-Thames, Surrey, and Preston, Lancashire, and the reduction of 5,000 jobs.

Mr Evans said that although the longer-term outlook for the commercial aircraft market remained encouraging, the company had to continue improving productivity to remain competitive.

BAe's commercial aircraft activities last year showed a £35m trading profit on sales of £1.58bn compared with trading profits of £15m on sales of £1.4bn in 1989.

Mr Dudley Eustace, finance director, said two thirds of the commercial aircraft trading profits came from BAe's involvement in the European Airbus programme.

BAe has a 20 per cent stake in the Airbus consortium and is responsible for building the wings for all Airbus aircraft.

The company's commercial aircraft order backlog totalled 1,100 aircraft, including 1,000 Airbus jets and 100 BAe aircraft, Mr Evans said. Since the recent collapse in air travel, only one airline, Royal Jordanian, had cancelled an Airbus order while seven other orders had been rescheduled.

Airbus is also sitting on a further five A310 wide body aircraft due to be delivered to Iraqi Airlines. The fate of these five aircraft is clearly uncertain in the current situation.

Rover declines 14% to £55m

By Kevin Done, Motor Industry Correspondent

THE TRADING [illegible] Rover Group, the automotive subsidiary of British Aerospace, suffered a 14 per cent drop last year from £64m to £55m.

The turnover of the motor vehicle operations, which are 20 per cent owned by Honda of Japan, rose by 10.3 per cent from £3.43bn to £3.79bn accounting for 36 per cent of BAe group turnover.

Rover had heavy launch costs for new models last year, and it is also suffering from the steep fall in the UK new vehicle market, which still accounts for about two thirds of its sales.

Rover's trading profits in 1989 were boosted by its share of income from affiliated companies – chiefly DAF and Istel – amounting to some £9m.

Following the reduction of its holding in DAF to 16 per cent in mid-1989 and the disposal of its holding in Istel in the same year, there was no income from affiliates, indicating that the underlying trading profits were virtually unchanged last year.

The lion's share of profits came from the Land Rover four wheel drive vehicle business, which increased production by 25 per cent to a record 68,621 vehicles.

Total Rover group vehicle production (including Land Rover and cars produced for Honda) declined by 2 per cent from 511,103 to 501,323. Output of cars and car-derived vans fell by 5 per cent from 456,193 to 432,702.

Output of the Mini and the Rover 200/400/Honda Concerto ranges were sharply higher last year, while output of the Maestro, Montego and Rover 800 ranges fell steeply.

Mr George Simpson, Rover managing director, said that the company's capital investment and spending on new model development would total between £200 and £250m in coming years. Professor Roland Smith, BAe chairman, said that new Land Rover products and technology would account for an important part of investment in the short-term.

Rover is expected to launch extensively revised versions of its Rover 800 executive car range in the autumn. Mr Simpson confirmed that Rover intended to press ahead with the closure of its Cowley, Oxford north and south works in 1992.

Yorkshire Building Society rises to £43.7m

By David Barchard

Yorkshire Building Society, the 12th largest society by asset size, made pre-tax profits of £43.7m in 1990, up 7 per cent.

Mr Roger Suddards, chairman, described the result as impressive.

During the year the society's total assets grew from £3.06bn to £3.59bn. Retail savings held were £2.66bn, up from £2.51bn.

The mortgage book rose from £2.32bn to £2.75bn, with its total new lending up by 27 per cent to £850m.

In line with other building societies, there was a sharp increase in provisions against bad and doubtful debts. Provisions on residential property increased by £2.2m and those on commercial lending were up by £7.2m, bringing the total for the year to £9.5m (£825,000).

Focus DIY offers Boots £80m for Fads

Focus DIY, a privately-owned home improvements company, yesterday said it had made an £80m offer for Fads, the chain of home improvement stores that Boots acquired when it bought Ward White in 1989.

Boots was not prepared to comment on Focus's statement yesterday, but it is known to have firmly rejected a previous offer from Focus, which valued Fads at £70m.

Focus's chairman is Mr Greg Stanley, who owned the Fads chain before it was acquired by Ward White for £130m in 1987.

French offer for Signet receives MMC clearance

By Robert Rice, Legal Correspondent

THE BID by Sligos, the French payment card processing company owned by Credit Lyonnais, for Signet, the Access credit card processing operation, has been cleared by the Monopolies and Mergers Commission.

The Commission's conclusion that the acquisition would not operate against the public interest had been widely expected, but comes too late to enable Sligos to complete the deal.

Signet, which is jointly owned by Lloyds Bank, Midland Bank, National Westminster Bank and the Royal Bank of Scotland, is being [illegible] a subsidiary [illegible] American Express.

This was the second acquisition involving [illegible] Lyonnais, [illegible] French state-controlled bank, [illegible] Commission since Mr Peter Lilley, the [illegible] and Industry Secretary, announced his tough new policy on UK acquisitions [illegible] controlled companies last summer.

The acquisition by the bank of a 45 per cent stake in Woodchester Investments, an Irish-based financial services company, was cleared by the MMC last month.

Credit Lyonnais has already made it clear that it [illegible] the delay which resulted from Mr Lilley's decision to refer the Sligos bid to the MMC against the recommendation of the Director General of Fair Trading, cost it the company.

The bank has lodged an official complaint against Mr Lilley's policy to the European Commission on the ground that it discriminates against French companies. The Treaty of Rome prevents EC governments from discriminating against bidders from other member states.

The MMC said that while Signet enjoyed a substantial share of the payment card processing market, the merger would not result in any [illegible] in [illegible] as [illegible]gos had not [illegible] had any business in the UK.

The Commission [illegible] said the card [illegible] business was expanding and several new companies, both domestic [illegible] foreign, had recently [illegible] market. [illegible]ers [illegible] entry [illegible] the [illegible] processing [illegible] not high.

On the issue of state control, the Commission acknowledged that competing banks [illegible] expressed concern [illegible] the state ownership of Sligos might enable it to exploit Signet's market position through its ability to take a longer-term view than its competitors

But as with the earlier inquiry into the bank's acquisition of a stake in Woodchester, it found that French state-controlled banks [illegible] high degree of independence in their day to day management and were expected to operate on a commercial basis.

GrandMet appoints friendly Scot [illegible] heir-apparent to the chair

By Philip Rawstorne

MR IAN Martin, head of Grand Metropolitan's $8bn (£4.2bn) international [illegible] operations, was yesterday appointed [illegible] group chief executive and heir-apparent to Sir Allen Sheppard, chairman and [illegible] the drinks, food and retailing group.

Mr Martin, 55, who led [illegible] 1988 [illegible] Pillsbury, the US bakeries and burgers group, will combine the new job with his current post as chief executive of the group's food [illegible]

He will return to the UK in January next year [illegible] chief operating officer and group managing director, with the food, drinks, retailing and property divisions all reporting through him.

Sir Allen, 58, announced the appointment at the company's annual meeting yesterday, when he also told shareholders that most [illegible] GrandMet's operations were "bucking the recession and performing well."

Pre-tax profits for the first four months were in line with last year's sterling results, he said. Though some retailing

Ian Martin – set to take the chair at GrandMet

activities – notably Pearle eye-care in the [illegible] and UK pubs – were [illegible] pressure, the international drinks [illegible] food businesses were robust. [illegible] would be affected, however, by [illegible] dollar exchange [illegible] and weak property [illegible]

In the past four [illegible] Sir Allen said GrandMet had car[illegible] out a complete strategic realignment of its business portfolio while more than doubling [illegible] profits.

"Now that the way ahead is determined, the time is right to start [illegible] spread my considerable workload with the appointment of Ian Martin."

A tough but friendly [illegible], Mr Martin joined GrandMet in 1979 from ITT.

[illegible] improved returns from the Watney Mann and Truman brewing subsidiary and was rapidly promoted to head the entire brewing and retailing division.

He became a GrandMet director in 1985 and was then chosen to streamline its US consumer products business. He was also chairman of Inter-Continental Hotels from 1986 until the group was sold for £1.2bn in 1988.

During the past two years, he has restructured the Pillsbury operations – increasing profits by more than 50 per cent last year.

National Bank of N Zealand bucks trend

By Terry Hall in Wellington

THE NATIONAL Bank of New Zealand, a wholly-owned subsidiary of Lloyds Bank, reported a 39 per cent increase in net profits to NZ$67.1m (£21m), helped by a substantial reduction in bad and doubtful debt provisions from NZ$74m to NZ$27m.

In contrast, the smaller Countrywide Banking Corporation, 40 per cent owned by the Bank of Scotland, echoed the performance of most locally-based Australian and New Zealand-owned banks by reporting increased problems with its doubtful debts in the six months to December 31.

Mr David Tudhope, National Bank chairman, said operating costs had risen 4 per cent to NZ$309m (NZ$298m) while revenue was down from NZ$449m to NZ$436m, reflecting very competitive conditions. The bank increased its lending by 30 per cent to NZ$4.71bn mainly in home mortgages.

The after-tax return on shareholders' funds was 12.5 per cent compared with 8.5 per cent last time.

Net interest income was NZ$253m (NZ$261m) with other operating income of NZ$183m (NZ$188m). Pre-tax profit was NZ$100m (NZ$77m). The tax charge was NZ$33m (NZ$29m).

Countrywide's post-tax profits were down 9.6 per cent from NZ$8.10m to NZ$7.34m, while provisions for bad and doubtful debts were up NZ$2m to NZ$4.9m.

Mr Peter Clapshaw, Countrywide chairman, blamed the fall on tight margins between its borrowing and lending rates as well as the higher bad debt provision.

Mr Peter Martin, managing director, said he expected the second half to be significantly better, although the economy had moved further into recession and asset values had continued to fall.

Countrywide's total assets rose 24 per cent to NZ$1.8bn. Net tangible asset backing was up 6 cents to 216 cents per share. Its capital adequacy ratio was 12.4 per cent, compared with the 7.25 per cent required by the Reserve Bank of New Zealand. Directors declared an unchanged interim dividend of 3.5 cents.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 27.02.91: Pool purchase price £/MWh	Final Prices for Trading on 26.02.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	15.24	12.56	12.56
0100	18.95	19.43	20.83
0130	20.34	31.00	32.94
0200	20.34	31.00	32.65
0230	20.34	37.36	18.70
0300	[illegible]	18.17	17.45
0330	[illegible]	[illegible]	17.49
0400	15.35	13.46	13.46
0430	14.33	13.40	13.40
0500	14.39	19.82	18.32
0530	15.16	13.39	13.39
0600	15.16	13.39	13.39
0630	16.22	13.39	13.39
0700	16.92	15.69	17.01
0730	19.51	19.26	20.72
0800	20.06	28.32	30.05
0830	20.94	28.57	30.56
0900	21.25	28.57	30.55
0930	24.24	28.57	30.53
1000	24.24	28.57	30.51
1030	24.24	28.32	29.95
1100	21.81	23.44	24.98
1130	24.24	23.44	24.93
1200	24.24	28.32	29.97
1230	24.24	28.32	29.97
1300	24.24	28.32	29.96
1330	21.25	23.44	24.95
1400	21.05	23.44	24.95
1430	21.05	19.88	21.30
1500	21.05	19.88	21.30
1530	21.05	19.88	21.31
1600	21.05	23.44	24.97
1630	24.25	23.45	24.96
1700	25.05	26.70	28.51
1730	25.05	26.83	28.32
1800	25.05	26.80	28.26
1830	25.05	26.49	27.90
1900	25.05	26.41	27.85
1930	25.05	26.40	27.91
2000	25.05	25.86	27.15
2030	25.05	19.89	21.28
2100	21.05	19.88	21.29
2130	20.08	18.13	19.50
2200	20.08	17.17	18.51
2230	19.29	17.12	18.51
2300	15.23	13.46	13.46
2330	16.16	13.27	13.27
2400	15.22	13.23	13.23

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

BUSINESS AND THE ENVIRONMENT

In the first article of an occasional series on pollution in eastern Europe, **Judy Dempsey** tells how western companies and governments will play a significant part in cleaning up years of destruction

An inheritance that carries a price

Lazslo Antal was one of the principal economic advisers to Hungary's former communist government until the country held its first, free elections last year.

In the run-up to the elections, Antal mused about what would become of post-communist Hungary. "I suppose we will become a dumping ground for Europe's waste," he said in an interview. "We will get paid for this," he added.

Antal said he did not see what was so surprising about his opinion. After all, for decades countries, including Switzerland and what was then west Germany, were transporting their waste to eastern Europe.

But with the opening up of eastern Europe last year western companies and governments could see for themselves the amount of work that was needed to clean up the environment. Until the late 1980s there were few independent pressure groups in eastern Europe capable of publicising the danger of importing waste, or strong enough to insist that the environmental legislation drawn up by the communist regimes be implemented.

During interviews with government officials at that time they invariably produced sheafs of legislation aimed at controlling pollution. But there were few incentives to combat pollution. Fines were too small; inspectors were either bribed or misled about the implementation of this legislation. Besides, any environmental legislation undermined the Five Year Plan.

That is the 40-year legacy of communist rule which the new democratic governments have inherited and which they are now setting out to dismantle. It will be a difficult and costly task.

In the former east Germany, industry produced between five and six tonnes of sulphur dioxide per square kilometre a year; 66 per cent of rivers contain polluted water. Unification will undoubtedly speed up the process towards cleaning eastern Germany's rivers. The other countries are not so fortunate.

In Czechoslovakia a secret report drawn up by the Academy of Sciences in the early 1980s showed that 70 per cent of the rivers were polluted, and at least 60 per cent of the forests were dying. In Hungary, 30 per cent of the forests are already damaged and over 115,000 tonnes of nitrogen [illegible] into the ground water supplies each year.

In Poland, 80 per cent of water from rivers and lakes is undrinkable and over 60 per cent of food produced around the region of Krakow is inedible because of the amounts of heavy metal found in vegetables.

In Romania, water from [illegible] per cent of the country's rivers is polluted, and 4,500 of the water purifying plans are ineffective. In Bulgaria, 34 per cent of the forests are damaged, and experts have forecast that the Black Sea will die if present pollution rates continue.

No government or international health organisation questions the adverse effects this pollution has already had on the population. In all these countries infant mortality is higher than the European average. Life expectancy is 10 years below the European average.

Since the collapse of the communist regimes last year the governments in eastern Europe, helped by western institutions, are beginning to address these problems. The key lies in the co-ordination of policy. The question is what this policy should be. So far, there appears to be three emerging forces involved in assessing how cleaning up the environment in eastern Europe should be tackled.

First, there is the financial assistance and advice offered by the World Bank and the European Community's PHARE programme.

The World Bank's philosophy towards the environment in eastern Europe is primarily focused on strengthening environmental management. Last year it granted Poland a loan [illegible] providing technical assistance, training and specialised scientific equipment[1]. "Our aim is to create a framework for addressing the highest priority environmental concerns in Poland," commented one World Bank official. In practice this means using some of the loan to clean up, for example, the Upper Vistula River Basin.

It is difficult, however, to see how high on the political and economic agenda the Polish government is prepared to place the environment. It is attempting to control inflation, maintain a tight incomes policy, continue with privatisation and prepare for parliamentary elections. In addition, in common with the other governments in eastern Europe it realises that the closure of steel mills will lead to unemployment.

The EC's PHARE programme, which is much more broadly spread across the region, is acutely aware of the interdependence between the environment and the economy in eastern Europe.

'The main priority is to make sure these projects have a positive impact on the health of the population'

Over the past year many projects, ranging from promoting silt dredging and reed harvesting at Lake Balaton in Hungary, setting up sludge disposal units for Prague's sewage treatment plan, to monitoring waste pollution and providing water quality monitoring equipment for the Elbe river in eastern Germany, have been set up[2].

"The governments of eastern Europe drew up a number of projects and we had to choose from these lists," explains Brusasca Mackenzie, an official at PHARE. "The main priority is to make sure these projects have a positive impact on the health of the population. What is needed is a strategy which will integrate the environment with the economy."

Another element which will influence the clean-up of eastern Europe is the involvement of western consultancy firms who are now ubiquitous in the region.

For several years, Environmental Resources Limited, a UK-based company, has been carrying out studies in eastern Europe for those western firms wishing to invest there.

"If any of these governments want to privatise an enterprise, an interested western firm asks us to carry out a study about the cost of cleaning up that enterprise, or assessing the environmental standards of the enterprise," explains Tassilo Metternich. The firm has done reports on the region which, like so many other studies, paints a grim picture of the legacy the new governments have inherited[3].

Arthur D Little, the US consulting firm, carries out similar studies [illegible] of enterprises. "This is the easy part," explains Ronald McClean, one of its consultants in eastern Europe. "There are two problems. First, these countries need the capital to clean up the environment. Second, they have to get management systems in place in order to implement tighter environmental controls and standards."

That task is easier said than done. There remains a lingering suspicion among east Europeans that western investors are only interested in the short-term and are not prepared to invest in the local community. Furthermore, they believe that because many enterprises have obsolescent and environmentally damaging equipment, enterprises will be sold off at a low price and the locals will gain little from privatisation.

Institutions such as the Ecological Studies Institute (ESI), the Regional Environmental Centre in Budapest and the new European Bank for Reconstruction and Development are sensitive towards these perceptions.

The ESI is a registered charity which was founded in 1984. It was one of the first western organisations actively involved in eastern Europe before the collapse of the communist system. Duncan Fisher, head of ESI's eastern European programme, says it has three aims. "We want to be a [illegible] of information and analysis of developments in the environmental field in the region, to assist environmental and non-governmental organisations in the region and to provide [illegible] for western [illegible] who are interested in the region," he explains[4].

Fisher also believes that the ESI's philosophy is to encourage a more humane approach towards addressing environmental issues. "Our policy is to get the people in eastern Europe involved in training, and educating the workforce on the environment. The Japanese have been very good in this respect. They do not rush in."

The ESI has links with the Regional Environmental Centre which is based in Budapest[5]. It was set up last September with the assistance of a \$5m grant from the US which was matched by the EC (through the PHARE programme) and a grant of 50m forints [illegible] by the Hungarian government.

The centre intends to become a clearing house for information about the environment throughout eastern Europe, including the Soviet Union. "We are establishing a data centre for the region," explains [illegible] Hardi, executive director of the centre. "With this system we hope quickly to identify trends in the environment and, for example, through satellites locate areas of deforestation."

Hardi also sees the centre as providing valuable back-up for local non-goveramental organisations (NGOs). "Here in Hungary, if local NGOs want to investigate pollution levels, or [illegible] waste, they can seek advise from us," explains Hardi. "We can put out to tender some firm to carry out that study," he adds.

"Even more importantly, if NGOs are concerned [illegible] ing to buy an enterprise or build a plant, we can send expert groups to screen the environmental credentials of that vendor." At the moment, the centre is involved in more than [illegible] projects.

The new European Bank for Reconstruction and Development (EBRD) may also provide another impetus for the governments of eastern Europe to place the environment higher up on the agenda. Although the EBRD has not yet been inaugurated it has already set up a number of projects.

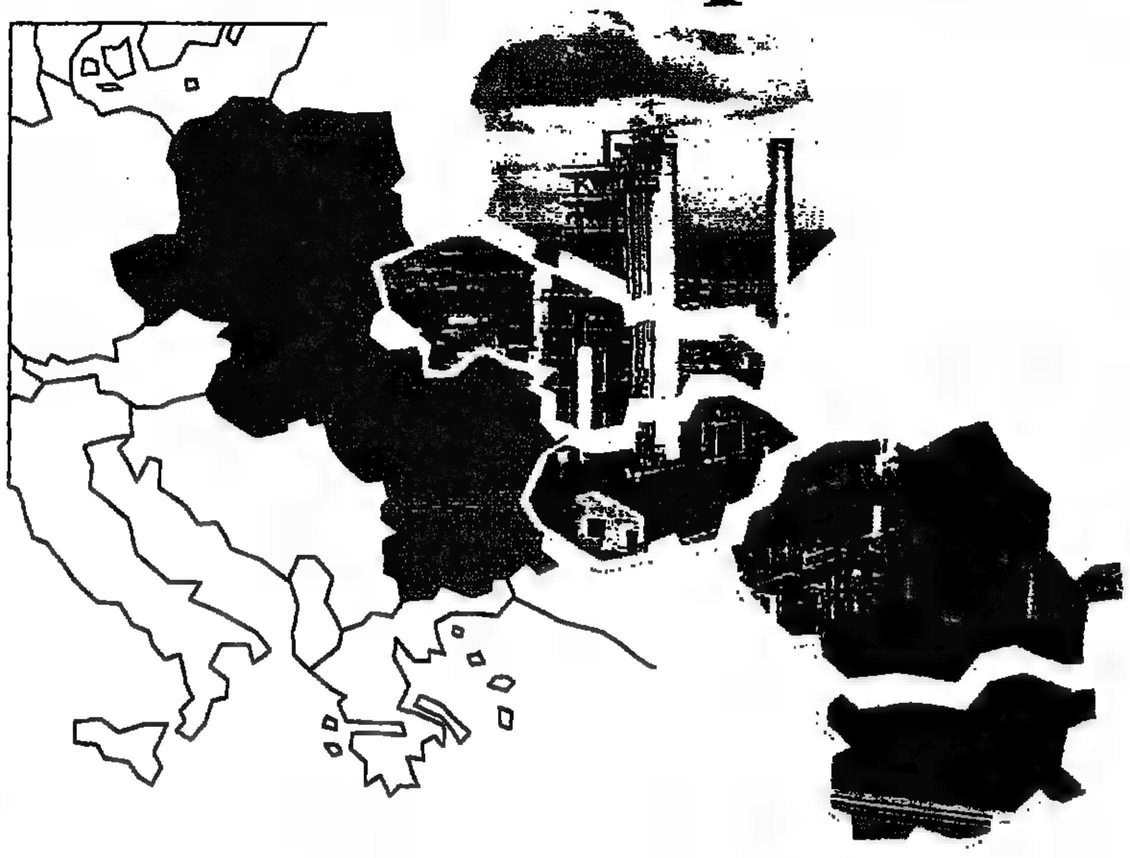
These include a study on the municipal waste water treatment plants in Bratislava, the capital of Slovakia, and in the long term the reduction of lead in Copsa Mica, Romania, a region which is an environmentalist's nightmare.

Western involvement is clearly encouraging for the governments, and particularly for the NGOs in eastern Europe. The attraction of moving closer towards the EC is an incentive in itself in bringing the region's standards in line with the EC. And despite the legacy of the communist era western experts believe that the costs of cleaning up the environment are exaggerated.

A report published by London-based Centre for Economic Policy Research[6] concluded, perhaps optimistically, that "the problems of most east European countries are not serious. There are 'black spots' in eastern Europe with very high levels of exposure, but such localised problems still exist in all of the industrial economies. The air quality in Krakow and Katowice [in Poland] can be very bad, but 20 years ago it could be equally bad in the Ruhr, Port Talbot and Pittsburg. Complaints about car exhausts and pollution in Budapest are almost identical to those in Athens — both tend to be highly exaggerated."

Maybe so. But eastern Europe has also lost much time in tackling the environment. To that extent, time is short. More co-ordination between all the western organisations and the governments of eastern Europe, is likely to speed up change and set a coherent agenda for the future[7].

'Complaints about pollution in Budapest are almost identical to those in Athens — both tend to be exaggerated'



[1] *World Bank news release. No 90/74 and its paper on the Environment.*
[2] *Summary of Projects, issued by Directorate General, Environment, Nuclear Safety, Civil Protection. Commission of the European Communities.*
[3] *Eastern Europe: Environmental Briefing. January [illegible]*
[4] *[illegible] available from ESI, [illegible] Pentonville Road, London N1 9NR.*
[5] *[illegible] Ter 1, [illegible], 1035 Budapest.*
[6] *"Are the costs of cleaning up eastern Europe exaggerated: Economic Reform and the Environment. Discussion Paper No. 482. November [illegible]. Centre for Economic Policy Research.*
[7] *Environmental Issues in Eastern Europe: Setting an Agenda. Royal Institute of International Affairs and World Conservation [illegible]*

Future articles will examine opportunities for western companies in individual eastern European countries.

COMMODITIES AND AGRICULTURE

'Very clouded' outlook seen for aluminium

By Robert Gibbens in Montreal and Kenneth Gooding

THE ALUMINIUM industry's outlook is "very clouded" but any immediate improvement [illegible] prices is unlikely, [illegible] Mr David Morton, chairman of [illegible] Aluminium, the world's biggest primary aluminium producer.

The publication of his remarks yesterday in Alcan's annual report coincided with a [illegible] by the International Primary Aluminium Institute that [illegible] world primary aluminium production capacity would rise by 10 [illegible] by the end [illegible] from 14.733m tonnes in December, 1990, [illegible] 16.208m tonnes.

The [illegible] roughly in line with analysts' expecta[illegible] but Mr Neil Buxton of Shearson Lehman Brothers points out that, [illegible] a [illegible] it [illegible] thought the extra capacity would [illegible] urgently [illegible]ed, there is [illegible] no desper[illegible] requirement for it. "Demand growth is likely to be miserable in the 1989-91 period," he says.

Mr Angus MacMillan of Billiton-Enthoven Metals suggests that the aluminium industry is heading in the short term for several months of low prices.

He estimates that at current prices – aluminium for immediate delivery closed at US$1,535.50 a tonne on the London Metal Exchange last night – a small but significant proportion, perhaps 10 per [illegible] the industry's smelters are operating at a loss. "But it may [illegible] further [illegible] to persuade them to close potlines".

● There was a big fall in primary aluminium exports from the Eastern bloc countries to the west last year, according the the IPAI. This resulted in net exports to the east reaching 27,000 tonnes. In 1989 the Eastern block exported a net 9,000 tonnes.

Malaysian rubber output at lowest for 20 years

By Lim Siong Hoon in Kuala Lumpur

MALAYSIAN RUBBER last year [illegible] 1.29m tonnes, [illegible] per [illegible] from 1.42m [illegible] and [illegible] lowest level for [illegible] according [illegible] Department.

The latest official figures confirm the increasingly precarious state of agriculture in Malaysia, where production [illegible] still [illegible] by labour short[illegible] a reduction [illegible] planted [illegible]. Last year's actual rubber output is 4 per [illegible] earlier estimates of 1.35m tonnes, and [illegible] on the forecast [illegible] production will reach [illegible] to 1.5m tonnes this year.

Malaysia once accounted for a [illegible] of world output, [illegible] mated [illegible] 5.17m [illegible] 1990 and [illegible] 1991, [illegible] it still vies with Indonesia for the rank of top producer.

Malaysian stocks at the end of [illegible] year [illegible] 182,000 tonnes, down 27 [illegible] 248,000 tonnes [illegible] earlier.

Prices are [illegible] doldrums. The International [illegible]ral Rubber Organisation's 5-day [illegible] price [illegible] the organisation's support [illegible] of 176 Malaysian/Singapore [illegible] a kilogram.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European [illegible] market 99.6 [illegible] cent, $ per [illegible] in warehouse, 1,710-1,770 (same).

BISMUTH: European [illegible] market, min. 99.99 per cent, $ per [illegible] tonne lots in warehouse, 2.60-2.90 [illegible].

CADMIUM: European [illegible] market, min. [illegible] per [illegible] $ per lb, [illegible] warehouse, 2.20-2.40 (2.50-2.70).

COBALT: European [illegible] market, 99.5 per cent, $ [illegible] lb, [illegible] warehouse, [illegible] (14.50-[illegible].00).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 135-150 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, [illegible] per lb Mo, in warehouse, [illegible] (2.60-2.66).

SELENIUM: European free market, min 99.5 per cent, [illegible] per lb, in warehouse, 4.80-5.40.

TUNGSTEN ORE: European [illegible] market, [illegible] min. 65 per cent, $ per [illegible] unit (10 kg) WO_3, cif, 45-51.

VANADIUM: European [illegible] market, min. [illegible] cent, [illegible] lb V_2O_5, cif, 2.55-2.70 (2.60-2.78).

URANIUM: Nuexco exchange value, [illegible] lb, U_3O_8, 9.70 (same).

LME WAREHOUSE STOCKS
[illegible] at Monday's [illegible]

Aluminium	+3,525	to [illegible]
Copper	+1,400	to 195,650
Lead	−975	to 71,725
Nickel	[illegible]	[illegible]
Zinc	+900	[illegible]
Tin	−145	[illegible]

Grounds for concern on Australian farms

Geoff Tansey on efforts to repair the damage done by two centuries of agricultural mismanagement

FOR MOST Australians the country's number one environmental problem – land degrada[illegible] – is hard to see unless it blows into the cities in [illegible] dust storm or turns the snow red.

But wind and water erosion, salination and soil acidity threaten the future of Australian agriculture, which accounts for about [illegible] per [illegible] of the country's export earnings. More than 55 per cent of land is degraded in the arid zone and in the non-arid zones [illegible] per cent of the [illegible] cropping areas need treating to combat degradation, according to Mr Rod Roberts author of Land Conservation in Australia – A 200 year Stocktake.

Annual losses of agricultural [illegible] pastoral production [illegible] of land degradation amount to about A$600m (£240m) according to a study by the Department of Primary Industries and Energy. Treatment will cost at least A$2bn, probably more, [illegible] Mr Roberts. He bases [illegible] on the only [illegible] of land degradation, [illegible] in the mid 1970s. "It [illegible] the [illegible] has improved," he [illegible].

Agriculture's long-term [illegible] are good, [illegible] Mr Philip Eliason, [illegible] National Farmers [illegible] deputy director, but he agrees that it requires [illegible] environment. "Our environmental problems [illegible] very different [illegible] the European Community's," he [illegible]. "The [illegible] from [illegible] of inputs. In Australia it's more [illegible] do [illegible] system – groundwater [illegible], [illegible] nation, [illegible] of soils."

These problems led the NFF, which represents [illegible] 170,000 farmers through [illegible] [illegible] an [illegible] with [illegible] Conservation Foundation, [illegible] members.

[illegible] 1989, they [illegible] government [illegible] increase funding to voluntary groups to [illegible] degradation. The result was a 10-year [illegible] commitment of A$340 million to a Landcare programme – a name bor[illegible] the [illegible] of [illegible]ria, which [illegible].

Ms Miriam Wallis is secretary of one of [illegible] Landcare groups [illegible] Area, about 50 [illegible] of Melbourne, Victoria, and a member of the Seymour [illegible] group. She [illegible] no government could fix all the land and wants landholders to "own" their land problems.

After using inappropriate English farming methods for over a century, "now the chickens are coming home to roost", she says. "We tried to turn this country into an English parkland. All this was thick forest, and we burnt it down."

Mr Tom Newton, chairman of the group, agrees. He shepherds on a motorbike and his sheepdog rides with him until they reach the paddock. "It is easier on his feet", explains Mr Newton, who has over 6,000 sheep on some 3,000 acres. The ironstone soil is rock hard, due to heavy stocking with hard-hoofed animals rather then the soft-footed native marsupials. Tree clearing has led to salination in some places and earlier burning and grazing also led to changed pastures, with annuals rather than perennials, giving erosion problems.

Today, the group, which was established in 1987 and now has more than 40 members, is busy planting trees. The work is slowing run-off, reforesting hill tops where water infiltrates into the groundwater table and causes salinity by raising the water table, and preventing gully erosion. But there is a long way to go.

"The bottom line is improving the land, sustaining productivity", says Ms Wallis. Every three months there is a general meeting with a speaker plus a newsletter, field days and farm walks. It may not sound much but "we talk to one another a lot, and we didn't before." She feels the group has engendered a great sense of community.

Traditionally, farmers did not interfere with what a neighbour did on his farm or even discuss it, according to a senior national official, "but with Landcare they go for walks on other farms and actually ask why are you doing that?" He believes Landcare groups are "the most significant sociological change in rural Australia", as they are breaking down barriers between farmers.

The programme aims to "catalyse not subsidise" groups. "The US government provides over A$1bn [illegible] soil conservation and farmers see it as [illegible] government responsibility," says an official. "We don't want that. Soil conservation must be part of farming, they must own it."

Landcare groups are springing up rapidly. In Victoria, about 80 groups involve some 3,700 landholders with 1.8m hectares – more than the total area of National Parks in the state. Nation-wide, about 15,000 landholders are in about 600 groups according to a report on the first year, with group numbers expected to peak at up to 1,500 by 1995.

The Whiteheads Creek group is supported by a state land protection advisory officer, Mr Bruce Radford. They also have a paid co-ordinator to help organise group activities, liaise with government services and get grants.

In fact, only a little money is available directly for the groups – about A$1.5m for grants for tree-planting etc. out of $28m last year. Most of the money pays for group co-ordinators and facilitators, with A$5m put into research on land problems.

But Landcare groups alone will not reverse land degradation, warns Mr Andrew Campbell, author of a report on the first year's progress. They are just one part of a triangle, the others being "to have viable technical solutions available and a favourable socio-economic framework" like new rating systems that promote land improvements and do not penalise them.

That may mean committing more money than the federal and state governments want. Each state interprets the programme its own way. The national soil conservation programme only began in 1984 as, constitutionally, soil conservation is a state responsibility. "I hope Landcare will keep going but fear funding may be cut," says Mr Jock Wallis, a founder member of the Whiteheads Creek group. "I don't think we should rely on subsidies or handouts, but incentives."

But voluntary action may not be enough to deal with land degradation as only the most aware farmers are likely to join. Drawing an analogy with pollution, where the polluter pays penalties, Mr Roberts, calls for any unreasonable or negligent use of the land to be outlawed.

Others say Landcare does not go far enough. Since the problem lies with the farming system used in Australia, the basic need is to change the production system, according to Mr David Dumaresq, Lecturer in Agro-ecology at the Australian National University. To do that, many more people in government, farming and the cities must face up to the effects of 200 years of inappropriate European agriculture.

Caked salt deposits on dead trees advertise the excessive salinity that killed them

Trees provide desert shield for Sudan's irrigated farm land

John Madeley describes a project to build natural defences against sand-encroachment in the Sahel

ON HIS [illegible] plot [illegible] in [illegible] desert, [illegible] miles northwest of Khartoum, Awad Wadazumu [illegible] that his very survival depends on withstanding [illegible] assaults [illegible] a [illegible] enemy – [illegible] sand.

Lying [illegible] to [illegible] Nile, Wadazumu's land is silty and fertile. But when the prevailing [illegible] blow, they carry in [illegible] from the [illegible] to [illegible] [illegible]dge of agricultural land in his village, where it forms a wall that encroaches gradually [illegible] fields, threatening the soil that supports Wadazumu's sorghum, wheat, broad beans and [illegible].

How to stop that sand is the question uppermost in [illegible] minds of [illegible] Wadazumu [illegible] his neighbours. [illegible] he believes that he [illegible] found part of the answer – a shelter-belt of trees.

In July, 1989, Wadazumu planted out tree seedlings on the side of his land that the wind and sand usually attack. The seeds were supplied under a community forestry project funded by the Rome-based International Fund [illegible] Agricultural Development and run by [illegible] voluntary organisation called SOS [illegible], which is active in tree planting in six Sahel coun[illegible].

[illegible] Awad Wadazumu watched [illegible] seedlings [illegible] the fast-growing mesquite tree developed [illegible] of trees several metres high – mesquite grows by as much as [illegible] a [illegible] spreads [illegible] considerably.

[illegible] thick shelterbelt is not only protecting [illegible] enables him to cultivate right up to the trees at [illegible] edge of his land, something that he previously found difficult as this boundary area was the most exposed to drifting sand.

Wadazumu's experience is shared by other farmers both in his own village and in other villages in the district. Unusually for the Sahel, they are not engaged in "rain-fed" agriculture. "It doesn't rain, nobody [illegible] rain, agriculture is dependent on irrigation from the [illegible]," said Mr Paul Laird, the project's manager until earlier this year.

This means that [illegible] have to invest in pumps, possibly wells, and a lot of effort in terms of their own labour. "Once the farmer has made these investments, farming can be extremely productive," said Mr Laird.

Output is high, provided that farmers can get enough water. Farmers in the district also grow maize, onions, alfalfa, citrus, watermelon and toma[illegible].

SOS [illegible] began working along the Nile six years ago, with [illegible] project to protect farmland and homes [illegible] Shendi district, north of Khartoum. In 1988 it was [illegible] to extend its activities to the more northerly Ed Debba district, where Awad Wadazumu has his farm, [illegible] is deeper into the [illegible] and has more acute sand problems and less infrastructure.

"Ed Debba has [illegible] particularly [illegible] sand-encroachment problem," said Mr Laird. The project, which started in May, 1988, supplemented the considerable efforts that farmers were already making to cope with the problem. Nurseries were built and farmers given help with irrigation problems and encouraged to grow seedlings themselves.

"It got off to a slow start, but every day now farmers are planting sections of shelter-belt," said Mr Laird. "Where they perceive the need, they are buying seedlings from the nursery, or growing seedlings themselves and coming to us if they need any help – with irrigation, for example."

Some 50,000 seedlings have been planted out in Ed Debba district in the last two years, forming shelterbelts ranging in width from 6 to 24 metres. In all, about 20 kilometres of shelter-belts have been established.

Although newly planted belts [illegible], "some [illegible] are now established and their roots are down to the groundwater, which means they don't need irrigation any more", said Mr Laird. In [illegible] village, where farmers are surrounded by high sand dunes, shelter-belts are being planted in hollows within the dune area, so as to allow farmers to grow date palms.

"Shelter-belts can make a big difference to agricultural productivity," said Mr Laird. "They can help to prevent sand encroachments on to good farming land and also open up new land for farming which might be further away from the river, possibly in the open desert, where you have wind howling across and shelter is even more important."

WORLD COMMODITIES PRICES

MARKET REPORT

Copper [illegible] on [illegible] LME yesterday, although closing off the day's highs. [illegible] built [illegible] gains established during pre-market trading. A firm overnight Comex [illegible] prompted early Japanese buying and short covering. [illegible] tightness [illegible] supplies remains supportive. Lead prices [illegible] higher, with [illegible] underpinned by labour problems at [illegible] facilities, a [illegible] and [illegible] majeure [illegible] at [illegible] Industries [illegible] production and transport problems affecting Australia's [illegible] Isa [illegible]. But [illegible] would be making more [illegible] impact if demand improved [illegible] current routine levels, [illegible] said. And even if demand [illegible] improve the 71,725 [illegible] of [illegible] currently [illegible] LME [illegible] – [illegible] $6\frac{1}{2}$-year high – would cushion any immediate impact it would [illegible] on [illegible] market. London cocoa prices [illegible] slightly ahead [illegible] recouping early [illegible] fund short covering [illegible] near March [illegible] first day [illegible] delivery on Friday. "There [illegible] amount of fund buying over the [illegible] days, [illegible] probably a good proportion of [illegible] covering now completed," [illegible] one [illegible].

Compiled from Reuters

London Markets

[illegible] MARKETS

[illegible]		+ or -
Dubai	$13.20-3.30z	+.025
[illegible] (dated)	$17.95-8.10	+.175
[illegible] (April)	$17.15-7.20	+.275
W.T.I. [illegible]	[illegible]	+.10
Oil products (NWE prompt delivery per tonne CIF)		+ or -
[illegible]	$225-228	+4
[illegible]	$213-216	[illegible]
Heavy [illegible] Oil	$71-73	+1
Naphtha	[illegible]	+6.5
[illegible] Estimates		
Other		+ or -
Gold (per troy oz)♣	$358.75	+0.20
Silver (per troy oz)♣	361.00c	+3.50
Platinum (per [illegible])	$387.00	+7.85
Palladium (per troy [illegible])	[illegible]	+2.25
Aluminium [illegible]	$1545.0	[illegible]
Copper (US Producer)	118.5c	+2.5
Lead (US Producer)	35⅞c	
Nickel (free market)	401c	
Tin [illegible] Lumpur market)	[illegible]	+0.11
Tin ([illegible] York)	261c	-1
Zinc (US Prime [illegible])	[illegible]	
[illegible] (live weight)†	108.21p	-0.79*
Sheep [illegible] weight)†	150.72p	+12.0*
Pigs (live weight)†	83.68p	+0.79*
London daily sugar (raw)	[illegible]	+4.2
London daily sugar (white)	$285.5w	+2.0
Tate [illegible] Lyle [illegible] price	£218.0	[illegible]
Barley (English feed)	£126.5	
Maize (US [illegible] yellow)	[illegible]	[illegible]
[illegible] (US [illegible])	£93	
Rubber (Apr)♥	48.50p	[illegible]
Rubber (May)♥	49.00p	
Rubber (KL RSS No 1 Mar)	228.5m	
Coconut oil (Philippines)§	$355.0q	-5.0
Palm Oil (Malaysian)§	$350.0x	+5.0
Copra (Philippines)§	$232.5t	+5.0
Soyabeans (US)	£137.0	[illegible]
[illegible] "A" [illegible]	85.50c	-0.05
Wooltops [illegible] Super)	330p	-35

£ a tonne unless otherwise stated. p-pence/kg. [illegible] q-Apr/May. t-Apr. [illegible] Mar z-Jan/Feb. x-Mar. [illegible] average fatstock prices. * change from a week ago. ♥London physical [illegible] §CIF Rotterdam. ♣ [illegible] m-Malaysian [illegible].

COCOA – London FOX £/tonne

	[illegible]	[illegible]	[illegible]	
Mar	599	595	600	[illegible]
May	626	625	628	[illegible]
Jul	656	655	[illegible]	650
Sep	682	680	682	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	710
[illegible]	[illegible]	741	742	[illegible]
[illegible]	761	762	762	760

Turnover: 10925 (7761) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb 25 833.61 (843.17) 10 day average for Feb 26 854.61 (852.52)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low	
Mar	[illegible]	544	544	536
May	557	554	557	548
Jul	572	568	[illegible]	[illegible]
Sep	[illegible]	585	587	582
Nov	605	601	604	[illegible]
Jan	621	619	[illegible]	[illegible]

Turnover: 6165 (7667) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb 25: Comp. daily 72.75 (72.60). 15 day average 70.52 (70.12)

POTATOES – London FOX £/tonne

	Close	[illegible]	[illegible]	
Apr	122.9	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	141.5

Turnover 233 (164) lots of 40 tonnes.

SOYAMEAL – London FOX [illegible]

	[illegible]	[illegible]	[illegible]
Apr	[illegible]		[illegible]
Jun	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]		[illegible]

[illegible] of 20 [illegible].

[illegible] – London FOX [illegible]

	[illegible]	[illegible]	[illegible]	
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	1598	1590	[illegible]	[illegible]
Apr	1448	1425	[illegible]	[illegible]
[illegible]	1114	1095	[illegible]	[illegible]
Oct	[illegible]	1185	1205	[illegible]
BFI	1680	1674		

[illegible] 261 [illegible]

GRAINS – [illegible] FOX £/tonne

Wheat	[illegible]	[illegible]	High/Low	
Mar	125.45	[illegible]	125.60	125.60
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep	109.90		[illegible]	[illegible]
Nov	112.00	111.30	112.00	[illegible]
Jan	115.75	115.15	115.50	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Barley	**Close**	[illegible]	**High/Low**	
Mar	114.60	[illegible]	[illegible]	[illegible]
[illegible]	116.50	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	109.25	[illegible]	[illegible]
[illegible]	109.60	[illegible]	[illegible]	[illegible]

[illegible] Barley [illegible]
Turnover [illegible]

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
[illegible]	111.5	111.5	111.0
Aug	[illegible]	[illegible]	[illegible]

Turnover: 12 [illegible] kg

[illegible] – London FOX

	Close	Prev.	High	Low	[illegible]
Indx	158.88	[illegible]			
Mar	158.00	157.10	[illegible]	157.50	62
Apr	[illegible]	[illegible]	[illegible]	[illegible]	50
May	[illegible]	157.00	157.50		40
Jun	157.00	[illegible]	158.50	[illegible]	42
Sep	[illegible]	[illegible]	[illegible]		20
Dec	[illegible]	[illegible]	[illegible]	[illegible]	70

SUGAR – London FOX ($ per tonne)

[illegible]	[illegible]	Previous	High/Low	
Mar	207.00	[illegible]	[illegible]	185.20
May	[illegible]	[illegible]	[illegible]	[illegible]
Aug	192.20	[illegible]	190.40	188.00
Oct	191.00	[illegible]	189.20	[illegible]
Dec	[illegible]	190.20	188.20	
[illegible]	191.80	188.20	187.80	[illegible]
White	[illegible]	[illegible]	**High/Low**	
May	293.0	289.3	292.0	287.0
[illegible]	297.0	287.5	288.0	288.2
Oct	263.0		263.0	259.8
Dec	258.0		258.0	254.8
Mar	263.5		259.8	258.8
May	265.0		261.5	[illegible]
Aug	270.0		266.0	

Turnover: Raw 1634 [illegible]. White 1408 (1031)
Paris- White (FFr [illegible] May [illegible] 1501, Oct 1368.

CRUDE OIL – [illegible] $/barrel

	[illegible]	[illegible]	High/Low	
Apr	17.10	16.95	[illegible]	[illegible]
May	16.55	[illegible]	16.70	16.20
Jun	[illegible]	16.30	16.45	[illegible]
Sep	16.43		16.43	16.33
IPE Index	16.47	16.62		

Turnover [illegible] (10516)

GAS OIL – IPE [illegible]

	[illegible]	Previous	High/Low	
Mar	182.75	[illegible]	[illegible]	181.00
Apr	[illegible]	166.50	[illegible]	162.00
May	[illegible]	157.00	157.50	153.50
Jun	[illegible]	155.50	156.00	153.00
Jul	[illegible]	159.25	158.00	153.50
Aug	[illegible]	157.50	157.50	154.50
Sep	[illegible]	159.00	158.00	[illegible]

Turnover 8615 (6042) lots of 100 tonnes

COTTON
Liverpool- Spot and shipment sales in Liverpool for the week ending Friday 22 February reached 284 tonnes against 123 in the previous week. Sales were low and mainly occured in West African and Californian growths.
JUTE
March/April c and f Dundee: BTC $540, BWC $550, BTD $485, BWD $500. c and f Antwerp: BTC $520, BWC $520, BTD $480, BWD $480.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	[illegible]	[illegible]	AM Official	[illegible]	[illegible] Interest
Aluminium, 99.7% purity ($ per [illegible])						[illegible] 20,352 lots
Cash	1535-6	1516-20	[illegible]	[illegible]		
3 [illegible]	1565-6	1550-2	1575/1555	[illegible]	1569-70	[illegible] lots
Copper, Grade A (£ per tonne)						Total daily turnover 22,119 lots
Cash	1304-5	1286-7	1311/1307	1310-1		
3 [illegible]	1287-8	1269-70	1290/1281	[illegible]	1282-3	[illegible] lots
Lead (£ per tonne)						Total [illegible] lots
Cash	310-2	303-4	311/310.5	310.5-1		
3 [illegible]	[illegible]	315.5-6	321/317	320-0.5	319-20	13,762 lots
Nickel ($ per tonne)						Total [illegible] lots
Cash	8600-10	8615-25	8605	8670-700		
3 [illegible]	[illegible]	8540-50	8625/8500	[illegible]	8625-40	[illegible] lots
[illegible] ($ per tonne)						[illegible] daily turnover [illegible] lots
Cash	5610-5	5650-60	5625/5610	5625-30		
3 [illegible]	[illegible]	5740-5	5730/5705	5720-5	5710-20	[illegible]
Zinc, Special High Grade ($ per tonne)						Total daily turnover 5,875 lots
Cash	1197-9	1199-201	1217/1208	1216-7		
3 [illegible]	[illegible]	1191-2	1205/1193	1201-2	1202-3	[illegible]

LME [illegible] £/$ rate:
SPOT: 1.9170 3 months: 1.8893 6 months: 1.8687 9 months: 1.8486

[illegible] BULLION MARKET
[illegible]

Gold (fine oz) $ [illegible]		£ equivalent
Close	358.50-359.00	
Opening	359.00-359.50	
Morning fix	[illegible]	186.081
Afternoon fix	[illegible]	187.898
[illegible]	[illegible]	
[illegible] low	358.20-358.60	

[illegible] Ldn Mean Gold Lending [illegible] (Vs US$)

1 [illegible]	5.51	[illegible]	5.31
2 [illegible]	5.52	[illegible] months	5.14
[illegible]	[illegible]		

Silver fix	p/fine oz	US cts equiv
Spot	186.40	[illegible]
[illegible]	194.35	368.60
[illegible]	199.80	374.35
[illegible]	209.95	388.55

GOLD COINS
(Prices supplied by Engelhard [illegible])

	$ price	£ equivalent
Krugerrand	361.00-362.00	[illegible]-189.10
Maple leaf	371.00-372.00	193.50-194.30
New Sovereign	87.00-88.00	45.50-46.00

TRADED OPTIONS

[illegible]	May	Jul	May	Jul
[illegible]	[illegible]	77	[illegible]	[illegible]
550	8	41	52	20
600	19	20	18	[illegible]
Cocoa	[illegible]	[illegible]	[illegible]	[illegible]
600	41	71	15	15
[illegible]	17	41	41	[illegible]
700	[illegible]	22	80	66

Brent Crude	Apr	[illegible]	[illegible]	May
1700	[illegible]	[illegible]	[illegible]	110
1800		20		160
1900		15		280

New York

GOLD 100 troy oz.; $/troy oz.

	[illegible]	[illegible]	High/Low	
Feb	[illegible]	[illegible]	[illegible]	358.5
[illegible]	359.0	359.5	360.5	360.5
Apr	360.2	360.8	362.9	[illegible]
Jun	[illegible]	[illegible]	366.2	363.1
[illegible]	[illegible]	[illegible]	0	0
Oct	370.1	370.5	371.0	371.0
Dec	373.5	373.8	375.5	373.0
Feb	377.1	377.4	0	0
[illegible]	380.5	380.7	0	0

PLATINUM 50 troy oz; $/troy oz.

	[illegible]	[illegible]	[illegible]	
Apr	385.0	378.7	386.5	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	390.5	[illegible]
Jan	396.2	[illegible]	393.7	0
[illegible]	401.3	393.2	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	[illegible]	
[illegible]	[illegible]	[illegible]	0	[illegible]
[illegible]	356.3	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	359.8	0	0
[illegible]	[illegible]	[illegible]	[illegible]	360.0
[illegible]	[illegible]	367.0	372.5	364.5
[illegible]	370.1	371.5	375.5	370.0
Dec	376.9	[illegible]	384.0	377.5
Jan	378.1	379.8	0	0
Mar	384.0	385.5	387.0	383.5
May	[illegible]	390.4	0	[illegible]

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	[illegible]	[illegible]	High/Low	
Feb	[illegible]	114.55	114.80	113.50
Mar	[illegible]	113.60	114.00	112.25
Apr	[illegible]	111.80	111.00	[illegible]
May	[illegible]	109.70	110.10	108.60
Jun	108.30	[illegible]	0	0
Jul	107.80	[illegible]	107.85	[illegible]
Aug	106.30	[illegible]	0	0
[illegible]	105.60	[illegible]	106.40	105.40
[illegible]	[illegible]	105.70	[illegible]	0
Nov	[illegible]	105.20	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Apr	18.26	17.94	18.50	18.12
May	17.87	17.55	18.05	17.70
Jun	17.68	17.40	17.80	17.50
Jul	17.60	17.37	17.75	17.60
Aug	17.60	17.40	17.75	17.55
Sep	17.70	17.48	17.75	17.60
Oct	17.75	17.58	17.80	17.70
Nov	17.90	17.68	17.95	17.78
Dec	17.98	17.78	18.01	17.86
Jan	18.05	17.85	18.06	17.91

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Apr	5440	5368	5515	5360
Jun	4980	4949	5025	4955
Aug	5010	4964	5030	4965
Sep	5160	5100	5170	5120
Oct	5270	5200	5260	5200
Nov	5370	5300	5370	5320
Dec	5450	5400	5460	5400

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1083	1070	1100	1070
May	1128	1114	1129	1111
Jul	1159	1147	1160	1144
Sep	1194	1182	1190	1178
Dec	1238	1227	1237	1223
Mar	1277	1266	0	0
May	1308	1297	1306	1295
Jul	1338	1327	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	90.15	90.30	90.30	89.70
May	92.80	92.75	92.65	91.60
Jul	94.80	94.95	94.80	94.20
Sep	96.80	97.05	96.90	96.50
Dec	99.65	99.60	99.65	99.30
Mar	102.85	103.25	102.05	102.05
May	104.25	104.85	104.50	0
Jul	106.00	106.80	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	9.14	8.52	9.25	8.63
May	8.45	8.26	8.46	8.18
Jul	8.36	8.25	8.38	8.16
Oct	8.31	8.25	8.38	8.16
Mar	8.47	8.46	8.48	8.37
May	8.49	8.53	8.57	0
Jul	8.68	8.64	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
[illegible]	85.28	[illegible]	[illegible]	85.28
Jul	[illegible]	[illegible]	[illegible]	84.14
Oct	[illegible]	[illegible]	72.70	71.95
[illegible]	67.72	68.27	68.00	67.50

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	113.20	110.30	113.50	109.75
May	112.50	110.60	112.90	109.50
Jul	113.25	111.55	114.00	110.75
Sep	114.05	112.75	113.85	112.30

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb 26	Feb 25	mnth ago	yr ago
1574.9	1582.7	1550.3	1826.6

DOW JONES (Base: Dec. 31 1974 = 100)

	Feb 25	Feb 22	mnth ago	yr ago
Spot	123.67	123.74	121.57	130.97
Futures	127.94	127.33	125.23	131.68

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	576/6	575/6	582/6	576/0
May	590/4	589/2	596/4	590/0
Jul	604/2	602/4	610/0	603/4
Aug	609/4	607/2	614/6	608/6
Sep	611/4	609/0	616/0	611/0
Nov	620/0	618/0	625/0	619/0
Jan	630/4	629/0	635/4	630/4
Mar	642/2	640/0	646/4	642/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	21.28	21.14	21.41	21.19
May	21.66	21.53	21.80	21.55
Jul	21.99	21.84	22.14	21.90
Aug	22.06	21.93	22.20	22.02
Sep	22.20	22.05	22.30	22.20
Oct	22.25	22.07	22.40	22.20
Dec	22.46	22.33	22.60	22.40
Jan	22.57	22.30	22.74	22.56

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	169.6	169.4	171.4	169.1
May	173.2	172.8	175.1	172.8
Jul	177.1	176.1	178.4	176.2
Aug	178.7	177.7	180.2	177.7
Sep	180.0	178.8	181.5	179.0
Oct	181.2	179.8	182.3	179.5
Dec	184.2	182.9	186.3	182.8
Jan	185.0	183.0	186.0	185.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	240/4	239/4	241/4	240/0
May	248/6	248/4	250/6	249/2
Jul	257/0	255/4	258/2	256/0
Sep	259/0	257/6	260/0	258/4
Dec	261/6	260/6	262/4	261/2
Mar	269/0	268/4	269/4	268/6
May	274/4	273/6	274/4	274/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	254/4	253/4	256/0	253/4
May	265/6	264/4	266/6	264/4
Jul	276/2	274/2	277/4	275/0
Sep	284/6	282/0	285/2	283/4
Dec	298/0	295/0	298/6	296/4
Mar	306/4	303/4	306/4	303/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	79.87	79.52	79.80	79.40
Jun	76.25	76.02	76.52	75.85
Aug	74.35	74.10	74.50	73.97
Oct	74.72	74.27	74.85	74.22
Dec	75.50	74.90	75.70	75.20
Feb	75.50	75.05	75.50	75.25
Apr	75.70	74.85	75.70	0

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	50.65	49.15	50.65	49.30
Jun	56.00	54.50	56.00	54.65
Jul	55.27	54.05	55.47	54.07
Aug	51.90	50.82	52.05	51.10
Oct	47.30	46.42	47.35	46.60
Dec	47.17	46.57	47.17	47.00
Feb	47.25	46.70	47.25	47.25

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	62.65	60.65	62.65	60.50
May	61.87	59.87	61.87	59.75
Jul	61.30	59.30	61.30	59.35
Aug	59.40	57.40	59.40	57.70
Feb	58.05	56.30	58.30	57.75

LONDON STOCK EXCHANGE

Cautious on corporate trading news

UNCERTAINTY over the conflict in the Gulf set the stage yesterday for further profit-taking in the [illegible] stock [illegible] as investors braced themselves for the impending round of profits statements from leading British companies. Overall, London followed the down[illegible] [illegible] of other global equity markets but was attempting to rally until Wall Street opened the [illegible] with a sharp fall.

Equities started the day lower [illegible] then gave further ground in the face of some [illegible] selling by institutions which took the [illegible] that [illegible] was time to [illegible] profits. The FT-SE Index slipped nearly 16 points but steadied at 2,319.2, still comfortably above the 2,300 mark regarded by many analysts [illegible] the new trading base level. Early [illegible] were

Account Dealing Dates		
*First Dealings:		
[illegible] 11	Feb 25	Mar [illegible]
Option Declarations:		
Feb 21	Mar 7	Mar 27
Last Dealings:		
Feb 22	Mar 8	Mar 28
Account Day:		
Mar 4	[illegible]	Apr 8

*New-time dealings may take place from 8.30 am two business days earlier.

reduced despite a somewhat mixed response to the opening batch of trading results from blue chip companies, and [illegible] President [illegible] warning that the allies would continue to prosecute the war against Iraq "[illegible] undiminished intensity."

The market's recovery was checked by expectations that New York would open lower and share prices turned down [illegible] close as Wall Street [illegible] by [illegible] Dow points [illegible] London trading hours.

The FT-SE Index ended the [illegible] 13.3 points [illegible] at 2,322.2. Seaq volume, which appeared to increase [illegible] share [illegible] eased towards the close, totalled 502.5m shares compared [illegible] 536.2m in the previ[illegible] session. Retail, or customer, interest in UK equities has [illegible] brisk [illegible] the past week, according to [illegible] from the International Stock Exchange.

A [illegible] spot [illegible] [illegible] which fell sharply ahead [illegible] the trading statement due tomorrow. The fortunes of the bl[illegible] chemical company are regarded as an important [illegible] of UK [illegible] confidence and a bearish statement from the ICI boardroom could [illegible] market morale. Unilever, [illegible] international [illegible] and detergents group, [illegible] ground yesterday after announcing profi[illegible] which were at the lower end of City [illegible]casts.

Concern regarding [illegible] outlook for the corporate reporting [illegible] triggered by some disappointment that National Westminster Bank yesterday left its final dividend for 1990 unchanged. Traders nervously marked down their share quotations for the insurance sector which today faces trading [illegible] from Commercial Union and General Accident.

Among other [illegible] the day, RMC, the construction materials producer, fell back [illegible] announcing a £78m convertible eurobond; hints of an impending rights issue in the building sector had been circulating in [illegible] market and [illegible] other stocks in [illegible] area [illegible]tinued to weaken.

Market strategists debated the significance of yesterday's correction in the stock market. Most agreed that the UK stock market was overbought [illegible] the [illegible] last [illegible] that the onset [illegible] the corporate reporting season could open the way for [illegible] bout of profit-taking [illegible] the [illegible] advance [illegible] six [illegible].

But underlying expectations of further cuts [illegible] UK base [illegible] strong [illegible] apparently been [illegible] by Monday's news [illegible] widening [illegible] UK trade deficit in January. Salomon International, the US based investment bank, said that the next [illegible] "may see [illegible] market correction," but predicts a Footsie Index of 2,750 by the end [illegible] year. Hoare Govett commented that [illegible] pattern of [illegible] major market indices is "very bullish."

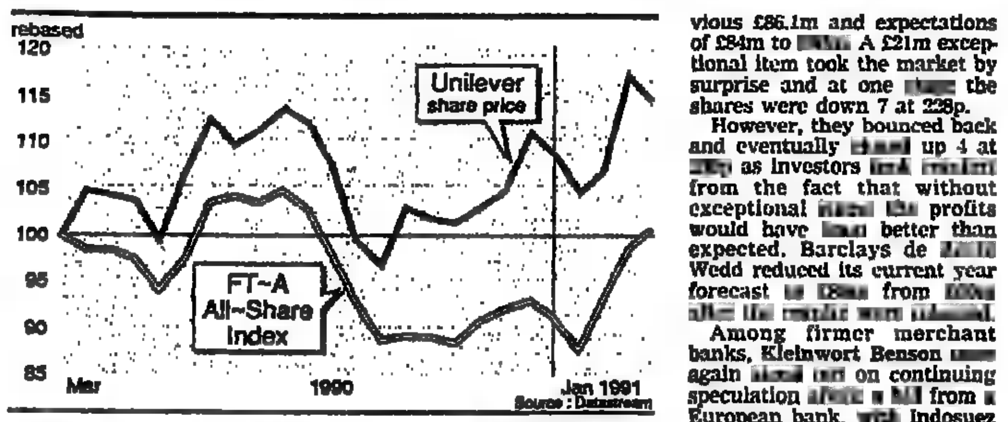
ICI drops on results warnings

ICI was [illegible] of [illegible] performers [illegible] day [illegible] FT-SE 100 stocks [illegible] Phillips & Drew joined Barclays de Zoete [illegible] in warning [illegible] themselves for [illegible] than bullish news from [illegible] company's [illegible] tomorrow.

UBS [illegible], excluding pharmaceuticals, [illegible] made [illegible] in [illegible] fourth quarter [illegible]. "The current profitability [illegible] ICI, if annualised, would not cover [illegible] dividend, and there [illegible] medium-term risk that the dividend will be cut." UBS recommended investors to sell ICI [illegible].

[illegible] agreed there was [illegible] for [illegible] 1991 dividend but [illegible] key [illegible] was the belief that an [illegible] recovery was already in the share price. The wide range of analysts' forecasts [illegible] the medium [illegible] add [illegible] the uncertainty surrounding the stock. Profits estimates for [illegible] run from £700m [illegible] more [illegible] £1.1bn.

ICI closed just a penny [illegible] the day's low [illegible] net drop of 33. [illegible] steady 1.5m. Analysts said [illegible] had been reports of some US selling.



[illegible] to outperform [illegible] UK market strongly last year as attention focused on [illegible] Europe. With [illegible] per [illegible] profits coming from continental Europe, Unilever [illegible] fund [illegible] who began [illegible] buy [illegible] shares in the fourth quarter of 1990. [illegible] investors also added [illegible] their portfolios [illegible] increased, [illegible] the UK and [illegible] economies slowed down. With the group expected to further expand [illegible] in Europe [illegible] single market draws nearer, many analysts [illegible] the shares will continue to outper[illegible] the stock market.

RMC gives ground

RMC, the world's biggest producer [illegible] ready-mixed concrete, fell 30 to 701p on a turnover of [illegible] switched from the equity stock to a [illegible] convertible eurobond.

The company increased the issue size by £3m to [illegible] and [illegible] 8¾ [illegible] cent. Marketmakers [illegible] was brisk [illegible] the [illegible] were further depressed by news [illegible] Germany is increasing its [illegible] for corporate [illegible].

The [illegible] level, established to help to pay for Germany's commitment t[illegible] the Gulf war and [illegible] in [illegible] former [illegible] Germany, will [illegible] RMC, which has around a fifth of the concrete market in the former west Germany.

However, analysts said the British method of calculating tax would diminish the impact of the change and the stock was moved principally by the adverse sentiment.

Some observers said the healthy state of the company was offset by [illegible] parlous [illegible] of the building industry, [illegible] cially [illegible] heavy materials suppliers where unit [illegible] were bound [illegible] because of competitive price cutting and smaller orders.

NatWest disappoints

[illegible] Westminster surprised the market by making [illegible] increase in its final dividend, set [illegible] 11.37p for the second half of 1990. The shares fell 16 to a low of [illegible], but rallied [illegible] only a net [illegible] off at [illegible].

Dealing was [illegible] and 12m shares changed [illegible]. [illegible] bank sector specialist described the decision to leave the final dividend unchanged as "a real shock". Most analysts were expecting only a small increase in the next full year dividend, 18p versus 17.5p.

However, NatWest's yield [illegible] 8.5 per cent and the expectation of lower UK interest rates attracted [illegible] overseas buyers of the [illegible].

Analysts also said that [illegible] provisions against [illegible] had [illegible] slightly [illegible] expectations. Barclays de Zoete Wedd noted [illegible] once mortgage lending [illegible] excluded, [illegible] provisions as a proportion [illegible] UK loan book [illegible] 1.65 per cent, compared [illegible] 2.7 [illegible] cent for Lloyds.

Midland Bank was [illegible] beneficiary of NatWest's surprise decision [illegible] leave [illegible] dividend unchanged. [illegible] switching [illegible] and into Midland, with the latter unchanged against [illegible] falling market at 177p. Standard [illegible]tered, however, [illegible] under pressure following [illegible] results and lost 4 to [illegible].

The composite insurers [illegible] unsettled [illegible] NatWest's results, [illegible] some worries [illegible] dividend policy. [illegible]lysts said that with the sector at a 12-month high, some had beendue for a [illegible]. Commercial Union fell 12 to [illegible] and General Accident dropped 19 to 551p.

However, the life insurance stocks were generally firmer as investors [illegible] their [illegible] qualities and [illegible] analysts reckoned [illegible] they would increase [illegible] dividends. Britannic closed 18 higher at 726p, while Refuge [illegible] up at 650p.

Sedgwick initially turned easier after reporting full [illegible] profits [illegible], against a previous £86.1m and expectations of £84m to [illegible]. A £21m exceptional item took the market by surprise and at one [illegible] the shares were down 7 at 228p.

However, they bounced back and eventually [illegible] up 4 at [illegible] as investors [illegible] from the fact that without exceptional [illegible] profits would have [illegible] better than expected. Barclays de [illegible] Wedd reduced its current year forecast [illegible] from [illegible].

Among firmer merchant banks, Kleinwort Benson [illegible] again [illegible] on continuing speculation [illegible] from [illegible] European bank, [illegible] Indosuez still being mentioned [illegible] likely interested party. Kleinwort finished [illegible] stronger [illegible].

Century Oils, [illegible] manufacturer of specialist lubricants, climbed 8 to 120p as Fuchs, of Germany, [illegible] it was making a 110p cash [illegible] for [illegible] company. Fuchs last week increased [illegible] in Century [illegible].

Analysts, however, considered the offer to be [illegible] low [illegible] gain shareholders' acceptance. "The [illegible] price [illegible] telling us [illegible] offer is totally [illegible]quate," one oil specialist commented. Analysts said Fuchs would have [illegible] pay 130p [illegible] 140p per share to [illegible] of Century.

M.J. Gleeson gained 32 to 695p on persistent but small buying [illegible] of Kuwaiti rebuilding [illegible]. Henry Boot rose 10 to 495p, Laing 8 to 308p and Tilbury 12 to 650p. Countryside Properties lost [illegible] to [illegible] a [illegible] statement [illegible] mentioned the distressed state of the building industry and the company's high borrowing.

Unilever came under pressure following its final [illegible]. [illegible] £1.782bn profi[illegible] compared with £1.703bn last time, but the £195m [illegible] to cover the [illegible] restructuring its manufacturing operations for the single European market was a disappointment and the shares [illegible] 11 [illegible] 710p. Analysts expect profits [illegible] £1.9bn.

Granada slipped 3 to 186p as Mr Jeffrey Harwood at UBS Phillips & Drew said [illegible] group's [illegible] trading was [illegible] and [illegible] should brace [illegible] cau[illegible] annual meeting.

Rank Organisation dropped 17 to 701p in a delayed reaction to going ex a 20¾p dividend on Monday. The company [illegible] large broking [illegible] yesterday. Mr [illegible] the [illegible] was positive in the [illegible] of a [illegible] trading environment.

Racal Electronics held up [illegible] against the [illegible] trend as Barclays de Zoete [illegible] posted detailed buy d[illegible] on both the [illegible] and Racal Telecom. [illegible] Tele[illegible] per cent underval[illegible] on price/earnings [illegible] and identified several bullish factors, i[illegible] margin improvement in spite of slower growth, the possibility of winning a European franchise, and the chance of a bid for Electronics, which owns 80 per cent of Telecom. Electronics, in turn, [illegible] a way into [illegible].

Mr Paul Norris [illegible] added that growth [illegible] cellular telephones in February had shown [illegible] rebound from [illegible] disappointing January, and [illegible] upbeat presentation yesterday to big shareholders the [illegible]pany [illegible] been confident it would [illegible] competition from the rival PCN into the mid-1990s. PCN will introduce three [illegible] competitors in mobile voice communications in 1993. [illegible] moved in a two-point [illegible] before ending unchanged [illegible] 199p. Telecom slipped 5 to 329p.

[illegible] Aerospace picked up 11 to 574p following a confident chairman's [illegible] and [illegible] of a 13 per cent rise in profits to £376m.

However, some analysts argued [illegible] only [illegible] small increase in defence spending and [illegible] domestic [illegible] would continue [illegible] restrain performance, although BAe was cutting costs.

BZW cut [illegible] 1991 estimate by [illegible] to £400m. County NatWest [illegible] more optimistic view and maintained its forecast of £430m.

A general shortage of stock appeared [illegible] behind a jump [illegible] Hawker Siddeley, which was up 27 [illegible] before easing slightly [illegible] close 18 [illegible] 515p [illegible] unimpressive turnover.

[illegible] 11 to [illegible] in anticipation [illegible] disappointing results next week, and Vickers eased 3 to 205p after the [illegible] warned on Monday that 1991 profits were expected to be below [illegible].

■ Other Market statistics, including the FT-Actuaries share index, Page 25

FINANCIAL TIMES STOCK INDICES

	Feb 26	Feb 25	Feb 22	Feb 21	Feb 20	Year Ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
Government Secs	85.39	85.65	85.57	85.72	85.78	80.39	85.88 [illegible]	74.13 [illegible]	127.4 [illegible]	[illegible] (3/1/75)
Fixed [illegible]	[illegible]	93.83	[illegible]	94.12	[illegible]	89.41	94.23 (19/2/91)	83.80 (30/4/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1855.0	1868.5	1848.7	1844.6	1826.2	1781.5	1968.3 [illegible]	1510.4 (24/9/90)	2008.6 [illegible]	49.4 (26/6/40)
[illegible]	131.2	[illegible]	[illegible]	[illegible]	131.7	284.7	[illegible]	127.0 [illegible]	734.7 [illegible]	[illegible] (26/10/71)
FT-SE 100 Share	2322.2	2335.5	[illegible]	2312.4	2296.8	2254.8	2463.7 [illegible]	[illegible]	[illegible] (3/1/90)	[illegible]
FT-SE Eurotrack [illegible]	1079.79	1095.31	-	-	-	-	-	-	-	-
Ord. Div. Yield	5.19	5.18	5.21	5.22	5.26	4.89				
Earning Yld %(full)	10.82	10.75	10.86	10.87	10.95	11.82				
P/E Ratio(Net)(*)	11.17	11.25	11.13	11.13	11.04	10.43				
SEAQ Bargns 4.45pm	29,911	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
Equity Turnover(£m)†	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
Equity [illegible]	-	[illegible]	31,906	[illegible]	[illegible]	[illegible]				
Shares Traded (ml)†	-	[illegible]	395.4	482.1	444.2	315.1				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 10.98

Ordinary Share Index, Hourly changes Day's High [illegible] Day's Low [illegible]

[illegible]	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1861.8	1863.9	1853.4	1852.9	1859.5	1860.0	1860.3	1858.0	1855.0

FT-SE [illegible] Hourly changes Day's High 2333.[illegible] Day's Low 2319.7

[illegible]	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2329.0	2332.4	2320.4	2324.0	2326.3	2326.8	2327.8	2325.5	2323.1

FT-SE Eurotrack [illegible] hourly changes Day's High [illegible] Day's [illegible] 1078.84

[illegible]	10 am	11 am	12 pm	1 pm	2 pm	3 pm
[illegible]	[illegible]	1080.22	[illegible]	[illegible]	[illegible]	1079.87

GILT EDGED ACTIVITY

Indices*	[illegible] 25	Feb 22
Gilt Edged Bargains	[illegible]	[illegible]
5-Day [illegible]	[illegible]	96.3

*SE Activity [illegible]
†Excluding intra-market [illegible] Overseas [illegible]

London repo[illegible] and latest Share index: Tel. 0898 [illegible]

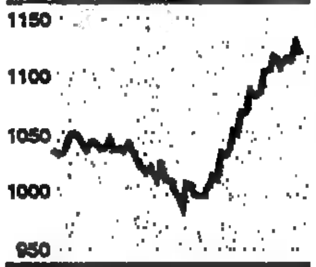
TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	1,200	131	+1	Courtaulds	211	389	-1
ASDA Group	1,800	134	-3	Dalgety	160	386	+3
Abbey National	2,800	281		Dixons	1,400	173	
Albert Fisher	2,500	122		ECC Group	1,800	383	+4
Allied-Lyons	2,600	523½	+3½	Eastern Elect	602	165	-3
Amstrad	467	6		East Midland Elect	739	178½	-2½
[illegible]	752	285	-3	Enterprise Oil	647	546	
Argos	659	270	-3	[illegible] Units	381	469	-1
Argyll Group	3,300	277	-4	[illegible]	714	47	
Ass Brit Foods	1,100	[illegible]	-2	Ferranti	3,200	11½	
BAA	785	[illegible]	-3	Fisons	1,300	436	-8
BAT Inds	1,100	[illegible]	-7	Gen. Accident	1,100	[illegible]	-[illegible]
[illegible]	1,400	143	-3	General Elect	4,600	222½	-3½
[illegible]	616	421	-2	Glaxo	1,600	827	-11
BOC	619	586	-9	Grynwed Int	274	280	+5
BPB Inds	1,400	220		Granada	3,400	186	-3
BTR	2,900	367	-7	Grand Met	3,400	712	-7
Bank of Scotland	2,000	117		GUS A	87	1199	-21
Barclays	3,000	381	-1	GRE	1,900	211	-6
[illegible]	640	[illegible]	+5	GKN	441	384	-11
Beazer	2,800	134½	-½	Guinness	1,700	787	-8
Beresford Int	41	[illegible]		Hammerson 'A'	28	668	+3
Blue Circle	1,700	261	-3	Hanson	6,800	223½	+1
Boots	1,200	[illegible]	+2	Hanson Warrants	829	40½	+½
Bowater	532	541	-3	Harrisons Crosfield	140	155	-3
Brit. Aerospace	2,600	574	+11	Hawker Sidd.	577	[illegible]	+18
British Airways	3,600	153½	-½	Hillsdown	1,500	[illegible]	+4
British Gas	4,000	236	+1½	IMI	292	[illegible]	-1
British Land	385	308	+3	ICI	1,800	[illegible]	-33
BP	6,700	320	-1	Inchcape	497	[illegible]	-1
[illegible] Steel	10,000	138	-½	Kingfisher	1,000	419	-2
[illegible] Telecom	5,200	305	-6½	Ladbroke	2,400	257	-3
Bunzl	1,200	[illegible]	-3	Land Securities	679	547	
Burmah Castrol	267	542	-3	Laporte	89	644	
Burton	3,600	91	-3	Legal & General	579	421	+2
Cable & Wire	1,200	527	-1	Lloyds Abbey	690	382	-1
Cadburys	1,600	369		Lloyds Bank	4,400	328	+4
Calor Group	41	225		LASMO	782	385	
Carlton Comms.	1,500	409		London Elect.	859	161	-1
Coats Viyella	3,700	115½	-2	Lonrho	2,800	224	-6
Comm. Union	985	616	-12	Lucas	2,800	193	-6
Cookson	1,900	122	+2	MB Caradon	432	180	-2

	Volume 000's	Closing Price	Day's change		[illegible]	Closing Price	Day's change
MEPC	387	528	+1	Smith (W.H.) A	1,100	340	+3
Manpower	9	67	-1	Smith & Nephew	2,000	104½	
Manweb	382	303	+1	SmKl Beecham	1,200		+2
Marks & Spencer	3,400	247	-2	SmKl Beecham Uts.	54	3005	+7
Maxwell Comms.	245	140	-2	Smiths Inds.	1,200	398	-2
Midland Bank	3,100	177		Southern Elect.	1,500	171	
Midlands [illegible]	200	[illegible]	-2	South Wales Elect.	[illegible]	[illegible]	-2
NatWest Bank	12,000	291	-4	South West Water	[illegible]	[illegible]	-4
Next	12,000	39½	+1	South West. Elect.	[illegible]	[illegible]	
North West Water	1,400	303	-1	[illegible]	[illegible]	390	-4
Northern Elect.	180	181	+1	[illegible]	[illegible]	273	-4
Northern Foods	789	302		[illegible]	1,[illegible]	111	-6
[illegible]	230	182	-2	Sun Alliance	830	362	-7
[illegible]	677	772	-4	Sun Life	0	1180	+15
P & O	328	573	+4	T&N	438	172	-1
[illegible]	5,300	186	-3	TI Group	812	500	+20
[illegible]	1,300	227	-½	TSB	3,700	153	-1
RHM	780	317	-6	Tarmac	3,000	264	+1
RMC	3,200	701	-30	Tate & Lyle	704	538	
RTZ	1,400	[illegible]	+3	Taylor Woodrow	[illegible]	[illegible]	[illegible]
Racal	3,900	168½		Tesco	[illegible]	[illegible]	-2
Racal Telecom	422	329	-5	Thames Water	[illegible]	[illegible]	-4
[illegible]	605	731	-17	Thorn EMI	470	[illegible]	-3
[illegible] & Colman	590	1406	-6	Trafalgar House	2,800	[illegible]	+8
[illegible]	311	629	-9	Trusthouse Forte	2,[illegible]	[illegible]	[illegible]
Reed Intl.	749	411	-3	Ultramar	1,500	326	+4
Reg. Elect. Pty Uts	22	£1800	-15	Unigate	402	338	+3
[illegible]ers	556	407	[illegible]	Unilever	1,800	[illegible]	-11
[illegible] Royce	2,220	162	+1	United Biscuits	[illegible]	371	-2
[illegible]	176	792	-6	Uni[illegible]	[illegible]	334	-11
[illegible] Scotland	777	185	-2	Water Package Uts.	1	£2940	-28
[illegible] Insurance	1,400	495	-7	Wellcome	489	522	-3
Saatchi	15,000	17	-1	Welsh Water	328	319	-3
Sainsbury	962	330	-4	Wessex Water	704	350	+1
Scottish & New	1,800	590	-8	Whitbread 'A'	655	489	[illegible]
Sears	3,300	80	-3	Wiggins Teape	1,100	[illegible]	
Sedgwick	3,100	258	+4	Williams Hldgs.	87	[illegible]	-2
Seeboard	288	177½	-1½	Willis Corroon	2,700	278	+3
Severn Trent Water	897	273		Wimpey	1,300	196	+1
Shell Transport	3,000	454	+3	Yorkshire Elect.	351	185	+1
Siebe	1,000	391	-2	Yorkshire Water	257	304	-2
Slough Ests	177	283	-3				

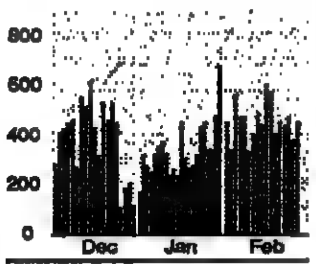
[illegible] most Alpha securities dealt [illegible] the SEAQ system [illegible] until 4.30pm.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1990/91

NEW HIGHS (90).
CORPORATION LOANS (2) Leeds 13½pc 2006, Manchester 11½pc 2007, AMERICANS (2) Gillette, Morris (P.), BANKS (1) Cater Allen, BREWERS (3) Greene King, Highland Dists., Wolv. & Dudley, BUILDINGS (8) Berkeley, Boot (H.), Heywood Williams Cnv. Prf., London & Clydesdale, Maunders (J.), Meyer Ind., Raine Inds., Tay Homes, CHEMICALS (1) Rentokil, STORES (2) DAKS Simpson A, S & U Stores, Scholl, ELECTRICALS (4) Life Sciences, Micro Focus, Nokia Pref., Thorpe (FW), FOODS (5) Appleby Westward, Cranswick Mill, M & W, Perkins, Thorntons, INDUSTRIALS (13) Baris, Bespak, China Light, Daimler-Benz, Isotron, Kalon, Low & Bonar, Novo Nordisk B, Reckitt & Colman, Sanders & Sidney, S[illegible] Healthcare, SmithKline Beecham A, S[illegible] Ram, PROPERTY (2) Bradford, Hambro Countrywide, TRANSPORT (2) Hays, Tibbett & Britten, TRUSTS (14) Abertorth Smaller Co's, Do. Warrants, BZW Conv., Dartmoor, Exmoor Dual Zero Prf., Gartmore Amer. Sec. Zero Prf., Gartmore Value Zero Prf., J & B Optical Inc. Zero Div., River & Merc. Stepped Prf., River & Merc. Smaller Co's, Do. Warrants, SPLIT Inc., Sphere Zero Div. Prf., TR Technology Zero Prf.

NEW LOWS (32).
AMERICANS (1) Utilitech, CANADIANS (1) Echo Bay Mines, BUILDINGS (1) Copson (F.), STORES (1) Chelsea Man, ENGINEERING (2) Garton, UMECO, INDUSTRIALS (8) Burndene, Chillington, Davies (DY), Intereurope Tech., MY Hldgs., Mayborn, Oriflame, PFG Hodgson Kenyon, Tollgate, INSURANCE (2) Alex. & Alex. [illegible] 11pc Cnv. Sub. Debs. 2007, Trade Indemnity, LEISURE (1) Sunset & Vine, PAPERS (1) TMD Advertising, PROPERTY (2) Britannia, Cussins, TEXTILES (3) Cupid, Jerome Hldgs., Parkland A, TRUSTS (1) Korea Liberal Warrants, [illegible] (1) Blystad, MINES (6) Butte, Cluff Res., C[illegible] Oil Wrnts., Free State Devs., Pancontinental, Unisel.

LONDON SHARE SERVICE

BRITISH FUNDS

1990/91 High	1990/91 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]						

"Shorts" (Lives up to Five Years)

Five to Fifteen [illegible]

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

1990/91 High	1990/91 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]						

Index-Linked

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board [illegible] Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

1990/91 High	1990/91 Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
[illegible]							

AMERICANS—Contd

1990/91 High	1990/91 Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
46¾	35¾	CPC Intnl. 25c	41¼	+¾	$2.00	-	2.4
[illegible]							

CANADIANS

[illegible]

Continued on next page

APPOINTMENTS

Hawker Siddeley changes

■ HAWKER SIDDELEY GROUP has made [illegible] following appointments: Mr David Edwards as managing director, Crompton Eternacell - he was director of operations at Power Conversion Inc, [illegible] Jersey, US, [illegible] sister company; Mr Paul [illegible] as finance director, Crompton Eternacell - he was a senior consultant with Price Waterhouse; Mr Michael Sims as managing director, South Wales Switchgear, in addition to his post [illegible] managing director, Brush Switchgear; Mr Clifford Martin changes from manufacturing director to operations director, South Wales Switchgear, and Mr John West becomes finance director in addition to his similar post at Brush Switchgear. Mr Tony Harris is promoted from head of quality management to engineering director at Brush Switchgear.

■ Mr John Cuthbert has been appointed finance director and deputy managing director of the integrated management team of the recently merged Newcastle and Gateshead Water, and Sunderland and South Shields Water. He has been appointed to the board of both companies, which are part of [illegible] LYONNAISE [illegible] EAUX-DUMEZ GROUP. [illegible] was financial controller of the North Eastern Co-op.

■ Mr Graham Colbourne has been appointed chief operating officer at BARCLAYS McCONNELL, a Canadian institutional investment company in which Barclays de Zoete Wedd Asset Management acquired a 60% stake last month. He was director responsible for international business development at BZW Investment Management in London.

■ Mr Edwin Falkman has become a director of WESSEX WATER, Bristol. He is president of Waste Management International and a vice president of Waste Management, Inc.

■ Mr Robert Fisher has been appointed president and managing director of JOHN CRANE INTERNATIONAL, a TI Group company, from March 1 when he joins TI's executive board. Mr Fisher was president of PMI Food Equipment Group.

■ JOHN MOWLEM & CO has appointed Mr John Turkington as group treasurer. He was group treasurer at Racal Electronics.

■ GE CAPITAL, affiliated with General Electric Company, US, has established a new corporate and industrial funding group and appointed Mr [illegible] R. Tappert as managing [illegible]. He was head of corporate financing activities.

■ LEX VEHICLE LEASING, Marlow, has appointed Mr Gary Spellins as sales director. He was sales director, corporate sector, at American Express.

■ Mr Tim Norman has been appointed head of property finance at THE FIRST NATIONAL BANK OF BOSTON, London branch. He was finance director of Reunion Holdings.

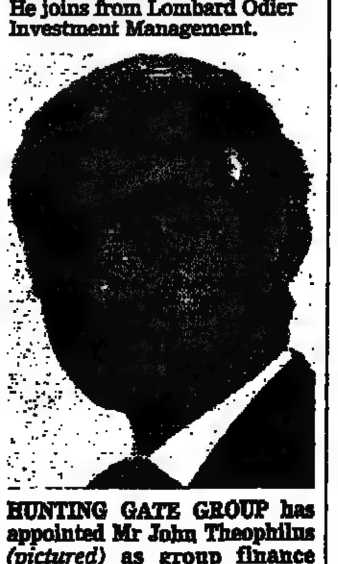
■ ERNEST GREEN AND PARTNERS HOLDINGS has appointed Mr Michael Moxon as group chief executive from April 1. He joined as deputy chief executive last December, and was formerly managing director of Marley Europe and a main board director of Marley. Mr Moxon succeeds Mr Brian Rider who will continue as an executive director of the group and deputy chairman until January 1 next year when he will become non-executive deputy chairman.

■ OXFORD CHEMICALS has promoted Mr Bryan Price from commercial manager to commercial director.

■ A British Railways subsidiary, BR TELECOMMUNICATIONS, has appointed Mr Simon Gunn [illegible] director of finance, and Mr John Wardell as director of operations. Mr Gunn was group financial [illegible] Micrelec Group. Mr Wardell was head of network [illegible] with Kingston Communications (Hull), [illegible] town's own telephone system.

■ Mr Chris Evans has become appointed actuary at ABBEY LIFE in addition to his post as director, operations and planning. He succeeds Mr Pat O'Keeffe who joins Bacon & Woodrow as a partner.

■ FUND RESEARCH has appointed Mr Nigel Slade as sales and marketing director. He joins from Lombard Odier Investment Management.



HUNTING GATE GROUP has appointed Mr John Theophilus (pictured) as group finance director. He was finance director of London [illegible] Metropolitan.

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

BANKS, HP & LEASING

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£13¼	£9¼	ABN Amro F1'5	£9¾	....	Q28%	2.1	8.9	5.3
223	125	ANZ SA1	144	–2	Q38c	1.9	10.7	5.0
267	172	Abbey National 10p	261		5.7	4.3	2.9	10.6
*274	125	Allied Irish Ord	164	....	†Q40%	3.3	5.5	7.4
85	47	Anglo Irish	60	....	Q18.6%	2.3	7.0	7.9
93	43	Ansbacher (H.) 1p	46	....	2.5	1.3	7.2	13.2
£71¾	£32	Banco de Bilbao Pt100	£51¾	–1	Q12%	–	2.5	–
£22½	£12	Banco B'ceo Viz	£16¼	+¼	Q49.1%	2.7	4.9	7.6
£52	£21	Banco de Santander	£28½	....	Q28.7%	2.3	4.2	10.0
2[illegible]	136	Bank Ireland Ir£1	174	–2	Q14.7%	2.9	7.6	6.1
£19½	£18	Bank Leumi	£19½	....	–	–	–	–
351	320	Bank Leumi (UK) £1	350	....	16.0	–	6.1	–
134	100	Bank Scotland	127	....	†4.55	3.4	4.8	8.1
110	[illegible]	[illegible]	103¼	–½	9¼%	–	11.9	–
107¼	[illegible]	[illegible]	107¼	–½	9¾%	–	12.1	–
54	34	Bank of Wales	42	....	2.8	0.8	8.9	20.2
425	290	Barclays £1	391	–1	†19.57	3.5	6.7	5.4
22	9	Beneficial 20p	9	....	0.75	–	11.1	–
235	155	Brown Shipley £1	224	+4	†12.0	2.2	8	7.2
*451	285	Cater Allen £1	451	+1	F24.5	–	7.2	–
174	25	Chancery	36	....	19.0	2.7	8	1.4
£23¼	£14	Commerzbank DM10	£18½	+¼	Q18%	–	3.3	–
£13¼	620	Dai Ichi Kan Bk Y50	875	....	Q17%	6.2	0.4	41.3
[illegible]	[illegible]	Deutsche Bk DM50	£223¼	–5½	Q28%	–	2.1	–
£20	£14	Espirito Santo	£17	....	Q75c	5.1	2.2	8.7
253	152	First Nat. Fin. 10p	189	+1	13.0	1.2	9.2	11.2

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES

1990/91 High	Low	Stock		Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
131	50	ABI Leisure 10p	β	57	-1	3.1	4.4	7.3	3.9
£14½	£5½	DAF N V F15		£7	-½	050	2.0	10.7	4.6
149	79	General Mtrs Units		92½	-3	[illegible]		6.6	
41	9	March Group 5p	β	10					—
£222½	£181½	Volkswagen DM50		£127	-4½	022			
£44½	£18½	Volvo AB 'B' Kr25.		£23½	-½	062	4.3	6.0	3.9

Commercial Vehicles

1990/91 High	Low	Stock		Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
253	68	ERF (Hldgs)	β	118		10.0	1.6	[illegible]	7.2
180	48	P[illegible] Grp	β	56		8.5	2.0	22.7	2.8

Components

1990/91 High	Low	Stock		Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
463	420	Abbey Panels		463		3.5	10.8	1.0	12.3
225	123	Airflow Streamlines	β	132		[illegible]			7.3
190	140	Bostrom 5p	β	140					
266	145	Dowty 50p	β	166	-2				6.4
239	110	FR Group	β	137					7.4
135	55	Kwik-Fit Hldgs. 10p	β	89					
174	102	Lucas Inds	α	153	-5				16.6
44	14	Do. Warrants		25½					7.5
[illegible]	48	Wilmot-Breeden 10p	β	[illegible]	-1	20.75		2.1	30.1

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST—Contd

INVESTMENT TRUST—Contd

FINANCE, LAND, ETC

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

1990/91 High	Low	Stock		Price	+ or -	Div Net	C'vr	Y'ld Gr's
62	22	Hiternia West	γ	40	-2			
97	43	Kells Mins. Ir5p	γ	44	+1			
49½	9	Kenmare	γ	9				
45	15	Nacan Resources	γ	15				
20½	7	New Sabina Res C$1		10				
457	52	Northgate Expl C$1		58				
36	12	North West Expl		12				
39½	2	Nor-Quest Res.		6	-3			
129	90	Oryx Gold Hldgs.		96				
57	11	Ovoca Gold IR 2p	γ	13	-2			
93	40	Plateau Mining 20p	β	40				
605	392	RTZ 10p	α	517	+3	18.5	2.5	4.8
14	4½	Thorco Res. Inc		6				
18	5	Vizcaya Hldgs 5p	β	8				
178	130	Young Group 10p	β	132	+1	7.8	2.7	7.9

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- ∗ Highs and lows marked thus have been adjusted to [illegible] rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- § Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♣ Not comparable
- ✦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Fran[illegible]. Yield based on assumption Treasury Bill Rate stays unc[illegible] until maturity of stock. a Annualised dividend. b Figures [illegible] on prospectus or other offer estimate. c Cents. d Dividend [illegible] paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xcd capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock		Price	+ or -
Craig & Rose £1	β	675	
Finlay Pkg. 5p	β	30	
Holt (Jos) 25p	β	1313	+5

IRISH

Stock		Price	+ or -
Cap. 8½% Ln. 1991		£99½	
9pc Cap Ln. 1996		£97¼	-¼
Fin. 13% 97/02		£114	
Arnotts		160	
Carrol (P.J.)		184	
Helton Hldgs.	γ	43	
IRG		138	
United Drug		145	

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	40
Amstrad	6
Astec (BSR)	4½
BAT	46
BOC Grp.	28
BTR	25
Barclays	38
Blue Circle	19
Boots	29
Bowaters	43
Brit Aerospace	45
British Steel	10½
Brit. Telecom	25
Cadburys	28
Charter Cons.	38
Comm Union	40
Courtaulds	28
Eurotunnel	35
FKI	5
FNFC	20
Gen [illegible]	41
GEC	15
Glaxo	68
Grand Met	51
Guardian	17
GKN	27
Hanson	16
Hawker Sidd	35
ICI	78
Ladbroke	22
Legal & Gen	32
Lex Service	17
Lloyds Bank	24
Lucas Inds	11
Marks & Spencer	19
Midland Bk	16
Nat West Bk	21
P & O Dfd	44
Racal Elect	16
RHM	23
Rank Org Ord.	52
Reed Intnl	32
STC	19
Sears	7½
SmKl. Beecham A	51
TI	35
TSB	11
Tesco	19
Thorn EMI	55
Trust Houses	23
T&N	13
Unilever	52
Vickers	16
Wellcome	33

Property

Stock	p
Brit Land	24
Control Secs	3½
Land Securities	45
MEPC	38
Mountleigh	9

Oils

Stock	p
Aviva Petm	3
Brit Petroleum	27
Burmah Castrol	46
Conroy Petlm	15
Gaelic Res.	1½
Premier	7
Shell	37
Tuskar Res.	2
Ultramar	29

Mines

Stock	p
Lonrho	19
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

MGM Unit Managers Ltd (1000)H
MGM House, Heene Rd, Worthing
Dealing 0277 261010 Enq: 0903 204631

	Init Chrg	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income F	5	245.1	247.9	263.7	-1.5	7.76
(Accum Units) F	5	376.6	381.0	405.3	-2.4	7.76
UK Growth F	5	285.4	290.0	308.5	-0.5	5.01
(Accum Units) F	5	332.5	337.9	359.4	-0.6	5.01
Int Equity Gth ♣F	5	47.82	48.06	51.12	-0.25	1.81
Intl Bond F	5	49.19	49.19	51.66	+0.13	9.10
Special Sits F	5	17.91	17.91	19.97	+0.24	2.18
North American F	5	55.98	56.25	59.83	+0.57	2.06
European Growth ♣F	6	46.40	46.76	49.74	-0.24	2.89

MW Investment Managers Ltd (0659)F
46 Court St, Haddington, E Lothian 062 082 5867

MW Joint Investors	0	999.8	999.8	1022.2	-	4.89

Malden Unit Trust Managers Ltd (1400)F
15 St Botolph St, London EC3A 7EE 031 226 6066

Maldon General	5	100.5	100.5xd	103.41		5.63

ManuLife Group PLC (1200)H
St George's Way, Stevenage Dealings 071-256 5858

Growth Units	5¼	124.6	125.8	133.9	-0.8	4.40
Gilt & Fxd Int	5	142.1	142.1	149.5	-0.9	8.58
Intl Growth	5¼	132.2	132.2	141.8	+0.4	0.44
North American ♥	5¼	79.68	81.35	86.55	+0.87	0.28
Far East	5¼	106.8	106.8	114.2		0.00
UK Smaller Cos	5¼	98.03	99.60	107.1	+3.6	3.84
European	5¼	52.38	52.50	55.86	-0.84	1.17
Japanese Growth	5¼	35.27	35.27	37.53	-0.16	0.00
Managed P'folio	5¼	45.31	45.49	48.40	-0.34	2.30
High Income	5¼	144.1	145.5	154.8	-0.9	6.44
High Yielding Gilt	5¼	61.44	61.44	64.72	-0.09	10.20

Marks & Spencer Unit Trust Ltd (1200)F
PO Box 410, Chester X, CH99 9QG 0244 680066

M & S Inv P'folio	5¾	104.7	105.1xd	112.3	-0.5	4.18
Do Accum	5¾	110.7	111.1xd	118.8	-0.5	4.19
UK Sel P'folio	5¾	93.68	94.63	101.2	-0.8	4.68
Do Accum	5¾	97.95	98.93	105.8	-0.9	4.68

Marlborough Fund Managers Ltd (1630)F
57 Victoria Square, Bolton, BL1 1LA 0204 364842

Managed Tst	5	46.89	47.28xd	50.27		5.23

Martin Currie Unit Trusts Ltd (0905)H
48 Melville St, Edinburgh EH3 7HF Dlg 031-220 4924

Far East (Pacific)(z)	5¼	89.87	91.17	96.78	+0.34	0.44
Income & Growth	5¼	56.98	58.09xd	61.66	+0.37	5.30
European (z)	5¼	53.44	53.47xd	56.76	+0.22	1.25
Nth American (z)	5¼	32.59	32.59	34.59	+0.37	1.51
Intl Growth(z)	5¼	56.75	57.78	61.33	+0.34	0.82
UK Growth	5¼	50.58	51.18	54.33	+0.36	2.63
Intl Income	5¼	45.03	45.48	48.28	+0.39	6.15
High Yield	5¼	43.75	44.43xd	47.16	+0.36	7.30
Charities	5¼	87.29	88.55xd	94.00	+0.48	5.95
Japan	5¼	37.11	37.11	39.39	-0.21	-

Matheson Unit Trust Managers Ltd (1200)H
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing 0277 261010

UK Growth (4-1)	6	63.66	63.66	68.09	-1.69	3.63
UK High Income	6	33.07	33.07	35.37	-0.60	5.71

Morgan Grenfell Unit Tst Mgrs Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT
Dealers: 071-826 0826 Enquiries 071-826 0123

American Gwth	5¼	115.9	115.9xd	124.0	-0.1	1.28
European Gwth	5¼	189.7	189.7	203.0	-1.1	0.00
Intl Gwth	5¼	129.3	129.3	137.2	-0.3	0.09
UK Equity Inc	5¼	114.4	114.4	123.6	-0.7	4.22
UK Equity Acc	5¼	125.9	125.9	136.1	-0.7	4.22
UK Ind Tracker Inc	5	111.4	111.4xd	119.0	-0.6	4.30
UK Ind Tracker Acc	5	119.0	119.0xd	127.1	-0.7	4.30
US Eq Ind Tracker Inc	5	121.1	121.1	129.7	+0.8	5.49
US Eq Ind Tracker Acc	5	124.2	124.2	133.1	+0.9	5.49
Japan Tracker	5	59.97	59.97	63.60	-0.44	0.00
Asian Tracker	5¼	72.46	72.46	77.47	-1.08	1.73
Managed Inc	5¼	91.77	91.77	98.67	-0.08	2.19
Managed Acc	5¼	92.93	92.93	99.92	-0.08	2.19
Cash Inc	0	100.62	100.62xd	100.62	-0.03	14.56
Cash Acc	0	105.66	105.66xd	105.66	-0.03	14.56
Europa	5¼	98.30	98.30	105.2	+0.7	0.00

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818

Exempt Unit Tst	4	105.24	105.24	111.6	-0.7	2.60
Exempt Smllr Cos	3¼	206.02	206.02	227.01	-1.11	2.40

Murray Johnstone UT Mgmt (1000)H
7 West Nile St, Glasgow G2 2PX 0345 090 433

Acumen	5	63.04	63.37	67.64	-0.25	3.52
Acumen Reserve	5	62.22	62.22	65.32	-0.25	11.67
American Income	5	108.1	108.2xd	114.6	-1.2	3.53
Equity Income	5	78.94	78.94	84.25	-0.09	5.82
European	5	50.91	50.91	54.34	-0.02	1.72
Far Eastern	5	96.38	96.38	102.9	-0.40	1.58
Smaller Cos	5	39.91	39.91	42.60	-0.04	4.09
Olympiad	5¼	41.20	41.22xd	43.94	-0.29	1.33
Olympiad Income	5¼	39.33	39.33xd	41.96	-0.22	4.79
UK Growth	5	65.38	65.71	70.13	-0.23	1.79

NFU Mutual Unit Mngrs Ltd (1400)F
Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

Avon Equity	6	85.55	87.04xd	92.60	-0.67	4.60

NM Unit Trust Mngrs (1200)H
The Britton Centre, North Harbour, Portsmouth
Enquiries: 0705 372222 Dealing: 0705 387730

American ♥	5¼	28.43	28.43	30.32	-0.37	1.68
(Accum Units) ♥	5¼	30.43	30.43	32.45	-0.40	1.68
Australian ♥	5¼	150.30	151.40xd	162.40	-2.30	3.38
(Accum Units) ♥	5¼	169.30	170.50	182.90	-3.00	3.38
Conscience	5¼	46.89	47.79	51.00	-0.04	1.53
(Accum Units)	5¼	49.17	50.13	53.49	-0.04	1.53
European	5¼	135.50	135.50	144.50	-1.40	1.08
(Accum Units)	5¼	143.10	143.10	152.60	-1.30	1.08
Extra Income	5¼	62.45	62.45	66.64	-0.32	9.17
(Accum Units)	5¼	84.13	84.13	89.78	-0.43	9.17
Far East Gth Acc ♥	5¼	102.70	102.70	109.70	-0.20	0.28
Gilt & F.I.	5¼	51.27	51.27xd	54.27	-0.22	9.23
(Accum Units)	5¼	107.90	107.90	114.20	-0.50	9.23

Guide to pricing of Authorised Unit Trusts
Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

هكذا من الأصل

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TSB Unit Trusts (1200)H

M & G Securities Ltd

Morgan Grenfell Unit Trust Managers Ltd

Allied Dunbar [redacted] Plc – Contd.

City of Westminster Assurance (z)

Eagle Star Insur./Midland Assur.

Economic Insurance Company Ltd

Guardian Royal Exchange – Contd.

Liberty Life Assurance Co Ltd

Merchant Investors Assurance Co Ltd – Contd.

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Grs
Life Managed Fd	92.5	103.7	-0.3	-
Pension Managed Fd	94.1	99.1	-0.3	-
Life Deposit Fd	104.8	110.3	----	-
Pension Deposit Fd	108.9	114.7	+0.1	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Grs
Life Funds				
Managed Cautionary	104.4	114.1	+1.3	-
Managed Growth	127.5	139.4	+1.8	-
Managed Opportunity	123.5	135.8	+1.9	-
NFMC Target Financial	95.1	102.3	+1.2	-
Pension Funds				
Managed Cautionary	112.7	123.2	+1.2	-
Managed Growth	133.4	146.6	+1.9	-
Managed Opportunity	126	137.8	+1.8	-
NFMC Target Mngd Pen	1405.3	1527.5	-4.0	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Grs
Harvester Pension Funds				
Managed	150.7	158.7		-
UK Equity	156.4	164.5		-
Overseas Equity	124.6	131.2		-
Fixed Interest	143.1	150.7		-
Property	130.7	137.6		-
Index Linked	145.4	153.1		-
Deposit	150.9	158.9		-
With Profits (B)	126.3	133.0		-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Grs
Managed	328.7	346.1	-0.7	-
UK Equity	413.2	434.8	-2.3	-
Overseas Eq	316.9	333.6	+1.3	-
American	246.2	259.2	+1.1	-
Far East	323.1	340.7	+2.1	-
Property	194.1	204.4	----	-
Fixed Int	254.3	267.7	-0.9	-
Indexed Gilt	150.4	158.4	-0.4	-
Deposit	177.2	186.6	+0.1	-
Pension Fund (Accum Units)				
Managed	470.9	495.2	-1.3	-
UK Equity	526.7	545.0	-2.9	-
Overseas Eq	523.6	551.4	+0.8	-
American	324.6	341.7	+2.7	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Grs
Initial Equity	146.5	154.5	-1.0	-
Accum Equity	207.5	219.5	-0.5	-
Accum Managed	214.5	226.5	-0.5	-
Accum Five Star	159.0	168.0	+1.0	-
Accum World	115.5	121.5		-
Accum Lifetime	106.4	106.4	-0.1	-
Pens Acc Equity	221.5	233.5	-1.5	-
Pens Acc Managed	263.0	277.5	-0.5	-
Pens Acc Intl	191.0	201.5		-
Pens Acc Deposit	192.0	202.5	----	-
Pens Acc Five Star	171.5	181.0	+1.5	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Grs
UK Equity Acc	212.3	224.0	(a)	-
UK Fixed Int Acc	168.9	177.8	(a)	-
Intl Equities Acc	162.1	172.0	(a)	-
UK Managed Acc	164.7	173.7	(a)	-
Property Acc	226.3	238.8	(a)	-
Money Acc	126.1	[illegible]	(a)	-
Special Market Acc	125.7	[illegible]	(a)	-
Japan Equity Acc	99.5	[illegible]	(a)	-
North American Acc	93.1	[illegible]	(a)	-
Pacific Acc	83.4	[illegible]	(a)	-
Technology Acc	102.0	[illegible]	(a)	-
Nat Resources Acc	47.5	[illegible]	(a)	-
European Acc	96.6	[illegible]	(a)	-
Residential Prop Acc	95.3	[illegible]	(a)	-
Swiss Equities Acc	34.3	[illegible]	(a)	-
Hong Kong Acc	53.6	56.6	(a)	-
UK High Inc Eq Acc	70.8	74.7	(a)	-
Int Fixed Interest Acc	54.6	[illegible]	(a)	-
Int Managed Acc	53.3	[illegible]	(a)	-
HIP Managed Acc	105.7	[illegible]	(a)	-
HIP Managed II Acc	93.4	[illegible]	(a)	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND

ISLE OF MAN

JERSEY

FT MANAGED FUNDS SERVICE

■ Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar hit by profit-taking

THE DOLLAR weakened on profit-taking in late European trading, finishing in London near the bottom [illegible] the day's range. This followed the failure of the currency to break through technical resistance at around DM1.5300.

Earlier in [illegible] day the [illegible] by a [illegible] military spokesman that almost half Iraq's army of occupation in Kuwait had been destroyed or made ineffective underpinned hopes of [illegible] early end [illegible] the Gulf [illegible]. This lent support to [illegible] dollar, as did [illegible] report that US [illegible] confidence [illegible] improved this month, after touching a 10-year low in January.

[illegible] durable goods orders [illegible] 0.7 per [illegible] in January, after *rising 2.7 per* [illegible] in December, but the market expected a slightly greater fall of around 1.0 per cent and the news had little impact.

At [illegible] London close the dollar had fallen to [illegible] from DM1.5225; to Y132.75 from Y133.25; and [illegible] FFr5.1625 from FFr5.1750, but had improved slightly to SFr1.3045 from SFr1.[illegible]. On Bank of England figures [illegible] index rose [illegible] 61.5 [illegible] 61.4.

Figures from [illegible] European Commission, calculated [illegible] the close of trading in London, showed sterling above the French franc and Danish krone within the European Monetary System, but the pound weakened with the [illegible]llar near the close. It remained above the French franc in the EMS exchange rate mechanism, but failed to maintain the recent steady advance.

Economic factors tended to undermine confidence in sterling, as speculation continued that UK bank base rates will be cut in the near [illegible] despite Monday's news of a wider UK trade gap in January.

In London the pound fell ¼ cent to $1.9205. Sterling also declined [illegible] DM2.9200 from DM2.9275; to FFr9.9150 from FFr9.9525; to SFr2.5050 from [illegible] and to Y255.00 from Y256.50. Its index fell 0.3 [illegible]

The Spanish peseta was around its ceiling against [illegible] lowest placed French franc within [illegible] ERM. The French authorities have chosen to concentrate on the improvement of the franc against the D-Mark [illegible] the rise [illegible] official German interest rates at the end of January, indicating that they regard any strains in the ERM as a problem for Spain to solve.

The peseta has been supported so far this week by the failure of the Bank of Spain [illegible] cut the [illegible] which it added liquidity [illegible] the Madrid [illegible] market on Monday. Speculation [illegible] strong last week that the Spanish central bank was [illegible] to ease its credit policy to reduce [illegible] within the ERM.

A French [illegible] deficit of FFr5.84bn was lower than the December trade [illegible] of [illegible] revised FFr9.93bn, but was [illegible] market forecasts of around FFr4bn. This [illegible] weigh on [illegible] franc, but [illegible] currency [illegible] changed against the D-Mark.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 26	% Change from Central Rate	% Spread v Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.621	-4.50	[illegible]	79
Belgian Franc	42.4032	42.2456	[illegible]	1.52	[illegible]
Italian Lira	1538.24	1535.26	[illegible]	1.46	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Irish Punt	[illegible]	[illegible]	[illegible]	0.66	-7
Sterling	[illegible]	[illegible]	[illegible]	0.68	-10
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

£ IN NEW YORK

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

Malaysia	5.1900 - 5.1985	2.7100 - 2.7120
Mexico	5697.75 - 5702.65	2973.00 - 2983.00
N.Zealand	3.1930 - 3.2080	1.6645 - 1.6675
Saudi Ar.	7.2095 - 7.2510	3.7490 - 3.7510
Singapore	3.3115 - 3.3195	1.7245 - 1.7265
S.Af.(Cm)	4.9100 - 4.9225	2.5630 - 2.5650
S.Af.(Fn)	6.0345 - 6.1315	3.1495 - 3.2000
Taiwan	51.90 - 52.00	27.10 - 27.15
U.A.E.	7.0615 - 7.1020	3.6720 - 3.6740

* Selling rate

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per [illegible] French Fr. per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open int.
February	1737.0	[illegible]	-32.5	[illegible]	[illegible]	[illegible]
March	1749.0	[illegible]	-31.0	[illegible]	[illegible]	[illegible]
April	1762.0	[illegible]	-6.0	1762.0	1762.0	4
June	-	-	-	-	-	200

Estimated volume 12,293 Total Open interest 12,767

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9205	[illegible]	1.9010	1.8689	1.8363

IMM-STERLING $s per £

BASE LENDING RATES

	%		%		%
ABN Bank	13½	Co-operative Bank	13½	Nat Bk. of Kuwait	13½
Adam & Company	13½	Coutts & Co	[illegible]	NatWestminster	13½
Allied Trust Bank	14	Cyprus Popular Bk	13½	Northern Bank Ltd	13½
AIB Bank	13½	Dunbar Bank PLC	13½	Nykredit Mortgage Bank	14
● Henry Ansbacher	13½	Duncan Lawrie	13½	Provincial Bank PLC	15
Associates Cap Corp	15½	Equatorial Bank plc	14	Roxburghe Bank Ltd	14½
B & C Merchant Bank	13½	Exeter Bank Limited	14	Royal Bk of Scotland	13½
Bank of Baroda	13½	Financial & Gen. Bank	13½	● Smith & Williamson Secs.	13½
Banco Bilbao Vizcaya	13½	First National Bank Plc	16	Standard Chartered	13½
Bank Credit & Comm	13½	● Robert Fleming & Co.	13½	TSB	13½
Bank of Cyprus	13½	Robert Fraser & Ptnrs.	14	Unibank plc	13½
Bank of Ireland	13½	Girobank	13½	● United Bk of Kuwait	13½
Bank of India	13½	● Guinness Mahon	13½	United Mizrahi Bank	13½
Bank of Scotland	13½	● Hambros Bank	13½	Unity Trust Bank Plc	13½
Banque Belge Ltd	13½	Hampshire Trust Plc	14½	Western Trust	13½
Barclays Bank	13½	Heritable & Gen Inv Bnk	14	Westpac Bank Corp	13½
Beneficial Bank	14	● Hill Samuel	13½	Whiteaway Laidlaw	13½
Brit Bk of Mid East	13½	C. Hoare & Co.	13½	Yorkshire Bank	13½
● Brown Shipley	13½	Hongkong & Shanghai	13½		
CL Bank Nederland	13½	● Leopold Joseph & Sons	13½		
● Charterhouse Bank	13½	Lloyds Bank	13½		
Citibank NA	13½	Meghraj Bank Ltd	13½		
City Merchants Bank	13½	McDonnell Douglas Bnk	13½		
Clydesdale Bank	13½	Midland Bank	13½		
Comm. Bk. of London Plc	13½	Mount Banking	13½		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Tone remains firm

LONGER TERM [illegible] were steady, but the important three-month interbank rate was firmer on the London money market yesterday.

The Bank of England's operations did nothing [illegible] hopes [illegible] lower bank [illegible] was no direct warning from the authorities, but [illegible] to [illegible] market [illegible] than [illegible] indicated shortage. This [illegible] traders [illegible] pay around 14 per [illegible] overnight money [illegible] fund [illegible] with yields [illegible] per [illegible]

Three-month interbank [illegible] 13⅛-12⅞ from 13-12⅞ per cent, while 12-month money was unchanged at 12-11⅞ per cent.

UK clearing bank [illegible] lending rate 13.5 per cent from February 13, 1991

Prices [illegible] sterling [illegible] within a narrow range [illegible] Liffe. March delivery opened at 87.35 and closed unchanged on the day [illegible]

[illegible] cash market the [illegible] of England initially [illegible] a credit shortage [illegible] £850m, but revised this [illegible] £700m at noon and to £750m in the afternoon. Total assistance [illegible] £630m was provided.

An early round of help was offered and at that [illegible] the authorities bought [illegible] bills outright in [illegible] 2 [illegible] 13¼ per cent. Before lunch [illegible] £96m bills were purchased, by way of £68m bank bills in band 1 [illegible] per [illegible] and £28m bank bills in band 2 [illegible] 13¼ [illegible]

In the [illegible] £324m bank bills were bought in band 2 [illegible] 13¼ per cent and late [illegible] of around [illegible] was also provided.

Bills maturing in official hands, repayment [illegible] and a take-up of Treasury bills drained [illegible], with the unwinding of repurchase [illegible] on bills absorbing £333m and exchequer transactions [illegible]. These outweighed a fall in the note circulation adding [illegible] to liquidity and bank balances above target of £50m.

In Frankfurt call money rose to 8.675 from 8.65 per cent as banks bid for funds to meet monthly [illegible] requirements [illegible] by [illegible] Bundesbank.

[illegible] Monday the Bundesbank [illegible] liquidity via funds held on [illegible] public authorities, under section 17 of [illegible] Bundesbank act. This DM4bn-DM5bn and was [illegible] in the market yesterday.

[illegible] reserve holdings have fallen recently. On Friday these were DM61.8bn compared with DM62.3bn on Thursday, to average DM74.7bn [illegible] the [illegible] 24 days [illegible] the month, against [illegible] expected net requirement of DM72bn [illegible] DM73bn.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.26) 3 months US dollars		6 months US Dollars	
bid 6⅝	offer 6¾	bid 6⅝	offer 6¾

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m [illegible] to the market by five [illegible] banks at 11.00 a.m. each working day. The banks are National Westminster [illegible], Bank of Tokyo, Deut[illegible], Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9
Broker loan rate	8½
Fed.funds	6⅜
Fed.funds at intervention	6¼

Treasury Bills and Bonds

One month	6.45	Three year	7.21
Two month	6.16	Four year	7.41
Three month	6.21	Five year	7.58
Six month	6.31	Seven year	7.82
One year	6.35	10-year	7.94
Two year	7.00	30-year	8.09

Feb.26	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.60-8.75	8.70-8.85	8.75-8.90	8.80-8.95	8.85-9.00	9.00
Paris	9¼-9⅜	9⅜-9½	9⅜-9½	9⅜-9½	9⅜-9½	9.25
Zurich	7¾-7⅞	7¾-8⅛	-	7¾-8⅛	-	-
Amsterdam	8.75-8.88	8.90-9.00	-	8.90-9.00	-	-
Tokyo	8⅛-8¼	8⅛-8¼	-	7⅞-7⅞	-	-
Milan	12⅞-13⅛	8.90-9.00	-	8.90-9.00	-	-
Brussels	8.88-9.13	9⅛-9⅜	-	9⅛-9⅜	-	-
Dublin	11-11½	11⅛-11⅜	11⅛-11⅜	11⅛-11⅜	11-11½	-

LONDON MONEY RATES

Feb 26	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14½	14	13½	13⅛	12⅞	12
Interbank Bid	13½	13¾	13⅜	12⅞	[illegible]	11⅞
Sterling CDs	-	-	13⅜	12⅞	[illegible]	11¾
Local Authority Deps.	14	13⅞	13⅜	13	12⅝	12
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	14	13½	13⅛	12⅞	-	-
Company Deposits	-	-	13½	13⅛	12⅞	12⅛
Finance House Deposits	-	-	13⅛	13	12½	12
Treasury Bills (Buy)	-	-	13	12	11⅞	-
Bank Bills (Buy)	-	-	13⅛	12⅞	11⅞	-
Fine Trade Bills (Buy)	-	-	13⅞	12⅞	12⅛	-
Dollar CDs	-	-	6.57	6.78	6.78	6.95
SDR Linked Dep. Offer	-	-	8¼	8¼	8¼	8¼
SDR Linked Dep. Bid	-	-	8⅛	8⅛	8⅛	8⅛
ECU Linked Dep. Offer	-	-	9½	9⅜	9⅜	9⅜
ECU Linked Dep. Bid	-	-	9⅜	9⅛	9⅛	9⅛

Treasury Bills (sell); one-month 12⅞ per cent; three months 12 per cent; six months 11⅞ per cent; Bank Bills (sell): one-month 13 per cent; three months 12⅞ per cent; Treasury Bills; Average tender rate of discount 12.0616 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day January 31, 1991. Agreed rates for period Feb 26, 1991 to Mar 25, 1991. Scheme I: 15.10 p.c. Schemes II & III, 15.26 p.c. Reference rate for period Jan 1, 1991 to Jan 31, 1991, Scheme IV&V: 14.012 p.c. Local Authority and Finance Houses seven days' notice, others seven days' [illegible] Finance Houses Base Rate 14 from February 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from [illegible] 8, 1989. Depos[illegible] withdrawn [illegible] 5 per cent.

MONEY MARKET FUNDS

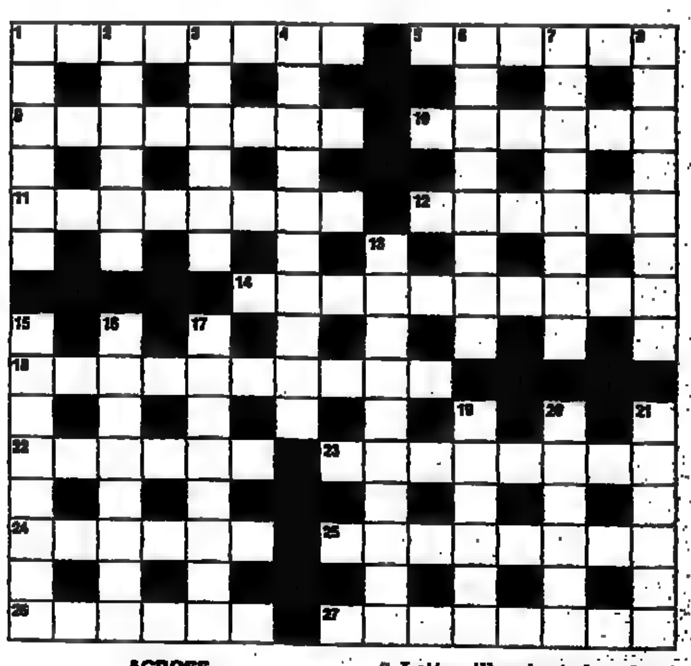
Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,480 [illegible] by DINMUTZ



ACROSS

1 Tin stars displayed in [illegible] islands? (8)
5 Gad about with German blade (6)
9 Marine's charge comes [illegible] nothing (8)
10 Paper handkerchief, square, given to children (6)
11 Leave nut smashed in overall [illegible]
12 Small type that turns pink in the water? [illegible]
14 Office of high court judge? (10)
18 Organise delicately and mournfully (10)
22 Attempt to dine inside – it is sacked, from the sound of it (6)
23 One cannot retain cinema as a ruin (8)
24 Bury doctor stands by incorrect note (6)
25 Chelsea v Bath? (8)
26 Boring a listener in dull environment (6)
27 Roman coin in secret south-[illegible] heap [illegible]

DOWN

1 Bury first of treasure and seal (6)
2 Three or ether, for example (5)
3 Tailor-made news source? (6)
4 Tender name, possibly (10)
6 Letter illuminated and set down (8)
7 Victorian brilliance in Georgia's window (6)
8 Play on grass to sound of organ (4-4)
13 Tiny creature with green and black eye (5,5)
15 Dept. slow to react and join metals (4-4)
16 Ingeniously ape tenet of inventor? (8)
17 Glass that is washed, you could say, in the kitchen (3-5)
19 Think it appropriate to watch bout? (3,3)
20 One may produce a treble or double (6)
21 Injury from wild she-cat (6)

Solution to Puzzle No.7,479

WORLD STOCK MARKETS

AUSTRIA / BELGIUM/LUXEMBOURG / DENMARK / FINLAND / FRANCE / GERMANY / ITALY / NETHERLANDS / NORWAY / SPAIN / SWEDEN / SWITZERLAND / SOUTH AFRICA / JAPAN / AUSTRALIA / HONG KONG / MALAYSIA / SINGAPORE

[illegible]

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. (c) Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

3.00 pm prices February 26

Quotations in cents unless marked $

Sales	Stock	High	Low	Close	Chng
12100	Abitibi Pr	$14½	14⅛	14⅛	-⅛
13100	Air Cda	$9¼	9⅛	9⅛	
15800	AlbNGas	u$15	15	15	+⅛
222500	Alcan Al	$24⅞	24⅝	24⅝	-⅛
77700	Am Barr	$22¼	22	22	-⅛
238300	Bk Montrl	$33⅛	32⅞	33	-⅛
336700	Bk Nova Sc	$15	14⅞	14⅞	
2300	BC Sugar A	$15	14⅞	15	
48750	Balmoral	13	12	12½	-½
8300	BGR A	$7⅝	7½	7½	
73600	Bomb'dierB	$16⅞	16⅝	16⅞	-⅛
7700	Bow Valley	$13¼	d13	13¼	-⅛
13700	BP Canada	$16	d15⅞	15⅞	
33500	Bramalea	$8⅞	8⅞	8⅞	-⅛
17100	Brascan A	$19½	19	19⅛	+⅛
28700	Brenswater	66	52	54	-3
23000	BC Tel	$19⅞	19½	19½	-⅛
2500	Bruncor	$17⅞	17⅞	17⅞	-⅛
1100	Brunswick	u$9⅝	9⅝	9⅝	+⅛
39600	CAE Ind	$6	5⅞	6	+⅛
177700	Cambior	$13	9⅞	10	+⅛
9000	Cambridge	$27	27	27	-⅛
9000	C'bell Res	40	37	37	-2
4500	Campeau Cp	49	47	48	+2
47700	Can Nthw	35	d33	33	-2
5800	Can Occid	$15¼	15	15¼	-⅛
375800	Can Pac	$22⅛	21¾	21⅞	-⅛
8700	Can Packer	$13⅛	13⅛	13⅛	
13800	Can Util A	$19⅞	19⅝	19⅝	-⅛
3700	Can Util B	$20¼	20⅛	20⅝	+⅛
77600	Canamax	u40	39	39	+1
17850	Cantor	$23¼	23	23⅛	-⅛
200	Cara Op	$16	16	16	+⅛
4100	Cass Dev x	$15¼	15⅛	15⅛	+⅛
2000	Cascades	455	455	455	
1800	Cntrl Cap	$7⅝	7⅝	7⅝	-⅛
14300	Cnsrs Gas	320	305	320	+15
11000	Cnsr Fd A	460	450	450	-5
62100	Cominco	$24	23⅞	24	
12100	Cmputalog	265	245	265	+10
1700	Consmrs Gas	$33⅞	33⅝	33	
54500	Corona Cp	480	470	475	
25600	Crownx A	340	335	340	
4800	Denison A	u90	85	90	+10
28400	Dofasco	$19½	19⅛	19⅛	-⅛
1100	Domtm Txl	$7¼	7⅛	7⅛	
1700	Domner Inc	$9¼	9	9¼	
7200	Du Pont A	$29	28⅞	29	+⅛
108200	Echo Bay M	$8½	8¼	8¼	
800	Emco Ltd	435	435	435	
2800	Empire	u$12⅞	12¾	12⅞	+⅛
7800	FPI Ltd	u$7½	7⅛	7⅛	-⅛
1800	Fruming x	$14⅞	14⅞	14⅞	
286100	Fal Mini A	$9	8⅞	9	+½
4300	Fortis	$23½	23⅛	23½	
4000	Four Seasn	$16	15½	15½	-⅛
38700	FrancoNev	$15	14⅞	15	+⅛
21700	Galactic	91	88	91	+7
400	Gnt Ylnde	500	500	500	
1500	Glamis Gld	240	d240	240	-6
2000	Grangess	165	165	160	-5
3300	GW Lfeco	u$15¼	15⅛	15⅛	
36200	Gul Cda Rs x	$8⅞	8⅞	8⅞	-⅛
24100	GW Utils	$28⅞	28⅝	28⅝	+⅛
3000	HarrisSt A	u500	490	490	+10
200	Hawker Sd	$25⅛	25⅛	25⅛	
9100	Hees Intl	$18⅞	18½	18½	+⅛
118300	Hemlo Gold	$9¼	9⅛	9⅛	+⅛
1700	Hollinger x	$13¾	13½	13½	-⅛
145200	Horsham	$9⅝	9⅜	9⅜	
300	HudsBayMSS	$5½	5½	5½	-⅛
92300	HudsonsBay	$26½	26⅛	26½	+⅛
138500	Imasco x	$28⅞	28⅛	28⅛	-⅛
36300	Imp Oil A x	$58⅞	58⅝	58⅝	-⅛
128000	Inco	$35⅞	35⅛	35½	-⅛
2500	Interhome	$48¾	48½	48¾	+⅛
2300	Invest Grp	u$27⅛	27	27⅛	+⅛
36800	Jannock	$15¼	15	15⅛	-⅛
100	KerrAddsn	$14¼	d14¼	14¼	
192500	Lac Mnls	$8⅛	8⅛	8⅛	+⅛
2500	Lafarge x	$16⅛	16	16	
29300	Laidlaw A	$20	19⅞	19⅞	
335100	Laidlaw B	$19½	19⅛	19⅝	
900	Laurent Bk	$16½	16⅛	16⅛	
1500	Laurent Gp	u$8⅝	8½	8½	
1000	Lawson Mar	$9⅛	9	9	-⅛
5700	Loblaw	$18⅞	18⅞	18⅞	-⅛
42300	Mackenzie	$8⅞	8⅛	8⅛	-⅛
75600	Magna IntA	410	380	380	-05
12100	Marit T&T	$19⅝	19⅛	19⅝	+⅛
3300	Mark Res	$7⅞	7⅛	7⅞	+⅛
169000	MDS Hlth B	u$16	15⅞	15⅞	-⅛
84200	Memotech	$8⅞	8⅜	8⅜	+⅛
1000	Metall Min	$12½	12½	12½	
58100	Mitel Corp	137	134	135	-4
8100	Molson A	$39⅞	39⅛	39⅛	-⅛
85100	Moore Corp	$27⅞	27⅝	27⅝	-⅛
34000	Muscocho	7	6½	7	+½
28300	Nat Bk Can	u$9⅝	9⅛	9⅛	
5600	Noma Ind A	$8½	8⅜	8⅜	
58800	Noranda	$17¼	17⅛	17⅛	-⅛
5300	Norcen L12	$25	24⅞	24⅞	
22500	NorcenMVtg	$23½	22⅞	23½	+⅛
85400	Nthn Tele	$34	33⅞	33⅞	-⅛
500	Northgate	135	135	135	+3
67300	Nova Corp	u$9½	9⅛	9⅛	
500	Nowsco Wlls	$14⅛	14⅛	14⅛	+⅛
9400	Numac Oil	$8⅞	8⅛	8⅞	+⅛
18100	Onex Corp	$8½	8¼	8⅞	-⅛
31100	Oshawa A	$34¼	34⅛	34¼	-⅛
57900	PWA Corp	$8½	8¼	8½	+⅛
6800	Pagurian A	$6⅛	6	6⅛	
100	Pamour Inc	50	50	50	
1600	Pancdn Pet	$31¼	31	31¼	-⅛
41000	Pegasus	$13⅝	13½	13⅝	
10600	Pioneer Mt	12	10	12	+2
166200	PlacerDome x	$16¼	16	16⅛	
5100	Poco Pet	$7	6⅞	6⅞	+⅛
48200	Power Corp	$17¼	16⅞	17	-⅛
5400	Power Fin	$19⅝	19⅝	19⅝	
4200	Provigo	$11½	11½	11½	
52800	Ranger Oil	$7⅝	7½	7⅝	
7100	Rayrock	$7⅞	7⅝	7⅝	-⅛
77700	Renaissance	$15¼	15	15¼	+⅛
700	Repap Ent	$7⅛	6⅞	6⅞	-⅛
800	Rio Algom	$19½	19⅛	19⅛	-⅛
107300	RoyalBkCan	$23⅞	23½	23½	-⅛
297300	RylTrustco	$8⅞	8½	8⅝	-⅛
5000	StLawrCm A	$14	14	14	+⅛
623800	Sceptre Rs	345	d335	340	
1600	ScottPaper	u$18½	18⅛	18½	+⅛
700	Scotts Hos	$16	15⅞	15⅞	-⅛
65500	Seagram Co x	$105½	104⅞	104⅞	-⅞
3000	Sears Can	$11½	11⅞	11⅞	-⅛
14300	ShellCan A	$39½	38⅞	39	-½
8000	Sherritt G	$7⅝	7½	7½	-⅛
9600	SHL Syst	$5⅞	5⅝	5⅝	-⅛
5400	SNC Group	u$16	15⅞	15⅞	
2600	Sonora Gld	24	24	24	+8
9400	Southam	$18⅝	18⅛	18⅛	+⅛
128700	Spar Aero	u$13⅛	13	13⅛	-⅛
10200	Stelco A	$11½	11⅛	11½	+⅛
28300	Teck B	$21⅝	21½	21⅝	
62800	Thomson	$18⅛	18⅛	18⅛	-⅛
123100	Tor Dom Bk	$18⅞	18½	18⅝	-⅛
136500	Torstar B	$28	28	28	
30400	TotalPMA x	$26	25⅞	25⅞	
242700	Transcan P	$17⅞	17⅛	17⅛	+⅛
10200	Trilon A	u$12⅞	12⅞	12⅞	
8500	Trimac	$7½	7⅞	7⅞	
6300	Trizec A	$18⅛	18	18⅛	
3500	Unicorp A	45	d40	45	
1200	Union Carb	$18⅞	18⅞	18⅞	
26600	Varity Cp	275	271	273	-2
76500	Viceroy Rs	400	380	380	-20
15000	W'coast E	$20	19⅞	20	-⅛
11000	Weston Geo	$43⅛	43	43	-⅛
800	WIC B	$14	13⅞	14	

‡ - No voting rights or restricted voting rights

MONTREAL

3:00 pm prices February 26

Sales	Stock	High	Low	Close	Chng
20800	BombrdierB	$16⅞	16⅝	16⅝	-⅛
22200	Cambior	$10¼	9⅞	10¼	+⅛
9800	Cascades	455	450	455	
12200	DominTxt A	$7⅛	7⅛	7⅛	
11000	Macmillan x	$19⅛	19	19	
7200	Memotec	$8⅞	8½	8½	-⅛
88900	NatBk Can	u$9⅝	9⅛	9⅛	+⅛
13500	Provigo	$11⅞	11⅞	11½	
6500	Quebecor A	$17¼	17⅛	17⅛	
10600	Videotron x	$13⅞	13⅞	13⅞	+⅛

Total Sales 7,704,000 shares

INDICES

NEW YORK

DOW JONES	Feb. 25	Feb. 22	Feb 21	Feb. 20	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
‡Industrials	2887.87	2889.36	2891.83	2899.01	2934.65 (15/2)	2470.30 (9/1)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	93.97	94.21	94.39	94.45	94.86 (15/2)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1127.82	1125.35	1116.89	1113.89	1127.82 (25/2)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	216.17	215.35	216.11	215.73	217.62 (11/2)	199.64 (16/1)	236.23 (2/1/90)	10.50 (8/4/32)

‡Day's High 2935.89 (2945.79) Low 2865.35 (2860.40)

STANDARD AND POOR'S	Feb. 25	Feb. 22	Feb 21	Feb. 20	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	367.26	365.65	364.97	365.14	369.39 (19/2)	311.49 (9/1)	369.06 (15/2/91)	4.40 (1/6/32)
Industrials	435.20	432.57	431.51	432.01	436.58 (19/2)	364.90 (9/1)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	27.82	27.95	27.84	27.70	28.80 (13/2)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	200.50	199.65	199.27	199.26	201.40 (19/2)	170.97 (9/1)	201.29 (15/2/91)	4.46 (25/4/42)
Amex Mkt. Value	342.71	342.01	341.75	341.99	343.70 (19/2)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	451.09	448.95	446.38	446.02	451.09 (25/2)	355.75 (14/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Feb.22	Feb.15	Feb. 8	year ago (approx.)
Dow Industrial Div. Yield	3.47	3.44	3.57	4.26
	Feb.20	**Feb.13**	**Feb. 6**	**year ago (approx.)**
S & P Industrial div. yield	2.19	2.91	3.01	3.15
S & P Indl. P/E ratio	17.77	17.89	17.39	14.12

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Nabisco RJ	9,713,900	8⅝	+ ⅛
Philip Morris	3,730,300	68⅝	+ ⅞
Inco	3,430,500	31	....
Boeing	3,147,200	46⅞	- 1
Pepsico	2,522,000	33⅜	+ ¼
Laidlaw	2,485,000	16⅞	....
Texas Util	2,366,500	37⅞	- ¼
Gen Electric	2,303,800	70	+ ¾
Schering-Pl	2,098,900	50	+ 2⅝
IBM	1,894,700	133⅝	+ ⅞

TRADING ACTIVITY

† Volume Millions	Feb. 25	Feb. 22	Feb. 21
New York	193.020	218.760	180.770
Amex	15.721	15.885	14.553
NASDAQ	149.260	177.008	142.810
Issues Traded	2,031	2,018	2,033
Rises	928	818	846
Falls	630	714	691
Unchanged	473	486	496
New Highs	91	106	75
New Lows	3	1	5

CANADA

TORONTO	Feb. 26	Feb. 22	Feb. 21	Feb 20	1991 HIGH	1991 LOW
Metals & Minerals	3091.80	3108.65	3133.43	3143.92	3224.35 (18/2)	2632.06 (9/1)
Composite	3445.62	3453.28	3471.87	3493.54	3632.54 (18/2)	3161.95 (15/1)
MONTREAL Portfolio	1826.19	1828.55	1835.22	1855.23	1882.70 (18/2)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed (u) Unavailable.

	Feb 26	Feb 25	Feb 22	Feb 21	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1413.4	1412.5	1387.3	1367.8	1413.4 (26/2)	1204.5 (16/1)
All Mining (1/1/80)	607.1	612.0	601.4	593.5	612.0 (25/2)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	498.18	505.34	497.55	490.37	505.54 (25/2)	390.84 (15/1)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	5580.24	5578.36	5512.45	5492.63	5580.24 (26/2)	4664.84 (16/1)
DENMARK						
Copenhagen SE (3/1/83)	348.14	349.71	345.28	344.40	349.71 (25/2)	302.26 (8/1)
FINLAND						
Unitas General (1975)	399.5	393.5	387.5	383.9	399.5 (26/2)	348.4 (9/1)
FRANCE						
CAC General (31/12/82)	463.50	463.90	456.37	453.47	463.50 (26/2)	394.88 (15/1)
CAC 40 (31/12/87)	1712.31	1745.17	1716.88	1709.72	1745.17 (25/2)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	663.39	678.31	646.61	663.75	678.31 (25/2)	570.48 (15/1)
Commerzbank (1/12/53)	1890.1	1935.1	1901.0	1892.1	1935.1 (25/2)	1612.5 (15/1)
DAX (30/12/87)	1588.24	1601.15	1582.52	1566.32	1601.15 (25/2)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3532.43	3520.05	3475.34	3477.61	3532.43 (26/2)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1354.81	1365.55	1333.41	1318.41	1365.55 (25/2)	1114.86 (25/1)
ITALY						
Banca Comm. Ital. (1972)	574.74	582.09	572.66	564.26	582.09 (25/2)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	26282.96	26462.76	25902.81	26024.37	26462.76 (25/2)	22442.70 (16/1)
Tokyo SE (Topix) (4/1/68)	1953.09	1963.44	1922.88	1934.52	1963.44 (25/2)	1625.00 (17/1)
2nd Section (4/1/68)	2971.06	2954.36	2942.84	2948.29	2971.06 (26/2)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	563.47	556.62	554.68	554.42	563.47 (26/2)	470.41 (16/1)
NETHERLANDS						
CBS Ttl Rtn Gen (End 1983)	245.4	248.2	243.9	243.1	248.2 (25/2)	221.4 (16/1)
CBS All Shr (End 1983)	179.4	181.5	178.4	177.8	181.5 (25/2)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	676.97	679.28	676.14	671.97	680.58 (14/2)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	976.33	1006.04	956.02	931.22	1006.04 (25/2)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	386.61	381.38	380.73	377.14	386.61 (26/2)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	999.0g	971.0	975.0	1010.0	1367.0 (14/1)	971.0 (25/2)
JSE Industrial (28/9/78)	3213.0g	3211.0	3194.0	3219.0	3298.0 (20/2)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	677.27	692.80	676.10	672.10	697.62 (4/1)	614.60 (16/1)
SPAIN						
Madrid SE (30/12/85)	262.68	267.41	260.24	256.67	267.41 (25/2)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1056.1	1048.0	1026.2	1014.3	1048.0 (25/2)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	695.2	701.9	687.2	682.0	701.9 (25/2)	590.4 (14/1)
SBC General (1/4/87)	584.9	592.3	582.7	577.7	592.3 (25/2)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4839.46	5012.46	4873.67	5181.98	5181.98 (21/2)	3316.26 (16/1)
THAILAND						
Bangkok SET (30/4/75)	776.14	734.24	791.64	776.56	823.65 (19/2)	582.48 (16/1)
WORLD						
M.S. Capital Intl (1/1/70) (£)	514.8*	520.7	518.2	517.3	524.2 (18/2)	439.1 (16/1)

**Saturday February 23: Taiwan Weighted Price: 4946.52, Korea Comp Ex. 685.39.
£ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday 26 February 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Oil	42.5m	1,220	+50	Tokyo Gas	17.3m	675	-32
M'bui Shpbldg	39.5m	650	-9	S'tomo Heavy	16.6m	786	-9
M'bishi Oil	23.5m	1,270	+70	Nippon Steel	15.9m	490	-16
Tokyu	20.9m	1,740	-80	Hitachi Zosen	15.9m	508	-3
M'bui OSK Lines	17.4m	821	+5	Tosoh	15.6m	671	+16

3:15 pm prices February 26

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
13⅞	9⅞	AAR Corp			7	644	12⅞	12⅛	12⅝	-⅛
25¾	21⅝	A L Labs A			18	742	22½	22⅜	22⅜	-⅛
52¾	40⅞	AMP Inc	1.44	0.03	17	2348	48½	47½	47¾	-⅞
60⅞	44¼	AMR				904496	59¼	57⅝	57⅞	-2¼
2⅞	1⅛	ARX			2	81	1⅝	1½	1⅝	+⅛
48¾	41½	ASA x	3.00	0.07	12	194	42⅝	42⅛	42⅝	+½
47⅞	39¼	Abbott Lab				293584	47¼	45⅞	45⅞	-1⅝
13	9⅞	Abitibi Pr	0.50	0.04	16	15	12⅞	12⅝	12⅞	-⅛
11½	10⅞	ACM Gvt In				622	11	10⅞	11	
9⅞	8¼	ACM GvOpp				81	9¼	9	9⅛	-⅛
9	8⅞	ACM Gvt Sp x	0.34	0.04		455	u9	8⅞	8⅞	-⅛
10¾	9⅞	ACM Gvt Se x				275	10½	10⅜	10½	+⅛
8¼	7⅝	ACM Man				480	u8¼	8⅛	8⅛	-⅛
12½	11⅞	ACM Mgtegd				70	12⅜	12¼	12⅜	+¼
7¼	4⅛	Acme Cleve	0.40	0.08	19	32	5⅛	5⅛	5⅛	
6	4⅛	Acme Elect			17	4	5½	5	5½	+½
35⅞	22⅛	Acuson			25	1100	34	33¼	33¼	+⅛
16⅞	14⅛	Adams Exp x	0.48	0.03	0	60	u16⅞	16⅝	16⅞	
20	18⅞	Adobe12PI				32	19⅞	19⅞	19⅞	+⅛
9¼	7½	Adobe Res			22	40	8⅝	8⅝	8⅝	
26½	18	Ad Micro x				9	24¼	24⅛	24¼	-⅛
8¼	4⅞	Ad Micro P	3.30	0.41	14	5347	7⅝	7⅛	7⅛	-⅛
4⅞	2⅛	Advest Grp			2	22	3⅝	3½	3½	
46⅞	33⅞	Aetna LI	2.76	0.06		71486	45⅛	44⅝	44⅝	-1
9⅛	6⅝	AGl A	0.24	0.02	28	485	u9⅞	9⅝	9⅞	+⅛
17½	12	Ahmanson	0.88	0.05	8	831	16⅝	16	16¼	
3⅞	2⅞	Aileen Inc			7	7	3⅛	3⅛	3⅛	-⅛

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14¼	10½	QuestVal O								
13½	12⅞	QuestVal P x				363	14	13½	13⅞	-⅛
37⅞	33⅛	Questar x				262	u13½	13⅞	13½	+⅛
17⅛	10	Quick Rlty x	1.08	0.05	12	51	37⅞	37	37⅞	
			0.28	0.02	13	258	16⅝	16⅛	16⅛	-⅛

- R -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
11½	10⅝	RAC Incm	0.42	0.04		38	11¼	11½	11⅛	
7	4⅞	RAC Mortg	0.60	0.09	7	220	6⅞	6⅝	6⅝	
6⅝	4½	RJR Nab Wt8				1676	6½	6⅛	6⅛	
13½	11⅝	RLI Corp	0.44	0.03	7	13	13⅛	13	13⅛	+⅛
6⅞	4	RM Titanm			2	196	5⅞	5⅝	5⅞	-⅛
10¾	6⅞	ROCTaiwan				254	9½	9⅝	9⅝	
6	4¾	RPS Realty				270	u6	5⅞	5⅞	-⅛
65	48⅜	Racal ADR			20	214	63¾	62⅞	63⅜	-⅛
104½	92⅛	Ralston Pu	2.15	0.02	15	1432	u105¼	103⅝	104⅛	+⅞
26⅞	21¼	Raychem Co	0.32	0.01	7	735	24⅞	24⅞	24⅞	-⅛
24⅝	16⅝	RayJames F x	0.32	0.01	7	94	24⅛	23½	23⅞	
78½	65⅞	Raytheon				81962	74	73	73¾	-½
34⅝	26⅛	ReadersD A	0.34	0.02	21	188	34⅛	33⅛	33⅛	-⅞
2⅞	1½	Reading&B			0	330	1⅞	1½	1½	-⅛
10	12⅞	RealEstTr	1.42	0.09	15	61	15⅞	15½	15½	
6⅛	4⅛	RecognitEq								

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low
24⅝	20¼	Sbarro	0.48	0.05	8	187	22⅝	22
9⅞	9⅛	State Inst x	0.90	0.10		30	9⅛	9⅛
3⅞	2⅝	Stego Crp			5	10	2⅝	d2⅝
47⅞	43	StgSt7.20				43	u48	47½
9⅞	7⅛	SterlgBcrp	0.22	0.03	7	68	8⅝	8
7⅛	4⅝	SterlgChem			6	478	6⅞	6⅝
11⅛	7⅞	SterlgSofw			11	182	10⅜	10⅛
5	3⅛	Stifel Fin			69	7	4⅞	4⅛
33⅝	26⅝	StoneWeb	0.60	0.02	63	284	32	31⅝
16⅝	9	Stone Cont x	0.72	0.05		10364	14⅝	14
3⅝	3½	Stoneridge			7	2	4⅝	4⅝
8⅛	6⅞	Storage Eq x	0.80	0.11	6	63	7⅞	7⅞
31	17⅛	Storage Te			12	962	27½	27⅛
30⅛	20⅞	Stratus			16	381	28⅞	27⅞
36⅞	26⅛	StrideRite x	0.48	0.01	17	887	36⅞	36⅞
25⅝	20⅞	Sturm Rgr x	1.20	0.05	9	7	24⅛	24
9⅞	5⅞	Subaru Stns	0.30	0.05	11	112	6⅛	6
8⅞	7⅛	Sun Dis A x	1.10	0.12	4	61	9⅛	9
3⅝	2½	Sun Dis B	1.32	0.41		67	3⅛	3⅛
17⅞	7⅞	Sun Electr			26	180	10⅞	10½
10⅞	8⅝	Sun Energy x	1.02	0.18	11	148	9	8⅞
33½	23⅞	Sundstrand	1.10	0.04	8	467	30⅞	30⅞
6⅛	3⅛	SunshineM				83	4⅞	4⅛
1⅞	1⅛	SunshineMn				292	1½	1⅛
26⅞	20½	Suntrust	0.92	0.04		81275	25⅞	24⅞
18⅝	14⅞	Super Food	0.34	0.02	11	76	17⅛	17⅞
27	21⅞	Super Valu x			12	547	26⅞	26
21⅛	17⅛	Superior	0.28	0.01	13	911	19⅞	18⅞
14⅞	11½	Swiss Helv				108	13⅞	13½
18⅞	10⅛	Symbol Tec				472041	15⅞	15⅛
9⅛	7⅛	Syms Corp			8	40	8⅞	8⅛
16	13⅛	Synovus Fn			14	127	15⅞	15⅞
77½	53⅞	Syntex Crp	1.80	0.02	736	327	77⅛	76⅞
38⅛	30	Sysco Corp	0.28	0.01	221	040	37	36⅛

- X - Y - Z -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
65½	35⅛	Xerox x	3.00	0.05		94672	65⅛	64	64⅞	+⅛
48⅛	43⅛	XeroxA.125 x				2	49	48	48	+1⅞
19⅞	14⅛	Xtra 1.94				z100	19½	19½	19½	-⅛
22⅛	14⅛	Xtra Corp	0.72	0.03	11	215	21⅞	21	21	-⅞
1	⅞	Zapata			0	123	u1	⅞	⅞	
8	6⅛	ZenithElec				81374	7⅝	7⅛	7⅛	-⅛
15	12	Zenith Nat	1.00	0.06	32	272	15⅞	15½	15½	-⅛
5½	4½	Zenix Inc	0.28	0.06		22	5	5	5	
13⅞	10⅞	Zero Corp	0.72	0.06	12	67	12⅛	11⅞	12	-⅛
41⅞	29⅞	Zurn Ind	0.88	0.02	18	301	38⅛	37⅞	37⅞	-⅛
12⅞	10⅛	Zweig Fund				201	12⅛	12	12	-⅛
9⅛	8½	Zweig Tott				266	9⅞	9½	9½	-⅛

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices February 26

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pat HB&P		8	4	9	8⅞	8⅞	-⅛
PHI LD		5	140	13⅞	13⅛	13⅞	
Pitway A		10	14	23⅞	23½	23⅞	+⅛
Pl y -Gem	0.12	11	77	7⅛	7	7	-⅛
PresidioA		3	328	4⅞	4⅞	4⅞	
Price Com		0	20	⅞	⅞	⅞	
Pro Med	0.80	11	2	6⅞	6⅞	6⅞	

NASDAQ NATIONAL MARKET

3:00 pm prices February 26

AMERICA

Dow falls in spite of pleasing orders data

Wall Street

BETTER-than-expected economic statistics and further successes in the Gulf war failed to entice investors into the market yesterday morning, and prices edged lower on a lack of demand rather than a wave of selling, *writes Patrick Harverson in New York.*

At 1.30 pm the Dow Jones Industrial Average was down 27.72 at 2,860.15, near its low for the session. All other indices were down at the half-way stage, with the Standard & Poor's 500 off 4.11 at 363.15 by 1 pm and the Nasdaq composite of secondary stocks down 4.37 at 446.72. Big board turnover was below the levels of recent days at 100m shares by 1 pm, while declining issues outnumbered advancing issues by a ratio of almost three to one.

The course of the ground war in the Middle East appeared to have little effect on sentiment. "The market regarded the war as all but over a long time ago," remarked one analyst.

More attention was focused on the durable goods orders for January, which showed a 0.7 per cent decline in the month. This was better than market forecasts, and the underlying figure (minus defence and aircraft orders) of a 0.1 per cent fall was even more encouraging.

However, investors remained unwilling to buy shares in any size, with most of the appetite for stock apparent before the war started now fully sated. Analysts expected the current period of consolidation, interspersed with occasional profit-taking, to continue for the immediate future.

One bright spot in the market was the oil sector. A feeling that oil and oil-related stocks had been oversold in recent weeks prevailed, and some investors turned bargain-hunters. Another rise in oil prices also aided the sector.

Among the big producers, Texaco rose $1⅞ to $61¼, Exxon gained $⅛ to $54, Chevron added $1 to $72⅜, Mobil rose $⅞ to $59⅛ and Atlantic Richfield climbed $1⅛ to $127¼.

In the oil service sector, Global Marine put on $⅛ to $4⅛ and Parker Drilling firmed $⅛ to $8⅛.

Boeing also stood out against the trend, holding firm at $46⅝ on turnover of 1.2m shares in the wake of a bullish estimate of aircraft demand for the next 15 years.

A big decline was posted by Cyclops Industries, the steel products group, which plunged $5 to $14 on the surprise news that the planned takeover by Armco had collapsed. Armco shares also fell, dropping $⅜ to $5⅝.

United Air Lines slumped $4¼ to $140⅜ on the heels of two negative reports from broking houses. Merrill Lynch downgraded its investment rating of UAL, while Smith Barney cut its earnings estimates for the airline.

Talley Industries dropped $1⅛ to $6⅜ after the aerospace, industrial and consumer products company slashed its dividend by 60 per cent and announced a fourth quarter loss of $17.2m, including a $27m pre-tax charge against earnings.

Financial News Network climbed $[illegible] to $[illegible] in busy trading after the company agreed to sell its media operations to CNBC for $105m, and not to Westinghouse and Dow Jones as had previously been expected.

Canada

TORONTO stocks drifted lower in cautious midday trade as investors continued to take profits after the sharp gains earlier this month.

Fears over the size of Canada's deficit, which was due to be revealed when the new federal budget package was presented later in the day, also spurred some selling.

The composite index lost 18.8 to 3,426.8. Declines led advances by 233 to 158 on volume of 9.7m shares.

Profit-taking sets in as Gulf excitement fades

Tokyo

SHARE PRICES ended lower after a volatile session yesterday, as initial euphoria following reports that Iraqi President Saddam Hussein had ordered his troops to withdraw from Kuwait wore off and profit-taking emerged, *writes Emiko Terazono in Tokyo.*

The Nikkei average rose in the morning on buying by investments trusts, but programme selling towards the end of the afternoon depressed prices and the index closed down 179.80 on balance at 26,262.96. Volume expanded to 1bn shares, with 700m shares traded in the morning, from Monday's total of 680m.

Prices fluctuated as reports on the Gulf came in. The Nikkei reached the day's high of 26,709.80 soon after the opening and fell to a low of 26,255.46 just before the close. Mr Dan Kerrigan at County NatWest said: "The market is tired after the recent surge, and people are trading on rumours and technical factors."

Advances led declines by 533 to 474, while 144 issues were unchanged. The Topix index of all first section stocks shed 10.35 to 1,953.09, and in London trading the ISE Nikkei 50 index eased 2.20 to 1,498.36.

Traders said the market lacked direction and investors were cautious. Mr Yoichi Kamina at S.G. Warburg said the technical analysts were advising clients to sell, because the positive post-war factors had already been discounted by the market.

Blue chip electricals lost ground as dealers liquidated positions that could not be passed on to clients. Hitachi receded Y50 to Y1,260 and Toshiba Y20 to Y574.

Oil refiners were bought on reports of a cut in wholesale prices of oil products in March. Nippon Oil, the most active issue of the day, rose Y50 to Y1,220 and Mitsubishi Oil gained Y70 to Y1,270.

Interest rate-sensitive issues were lower as short-term rates remained firm, with the overnight call rate staying above 8 per cent. Utilities fell, with Tokyo Gas closing down Y32 at Y675 and Tokyo Electric Power Y90 lower at Y4,100.

Speculative issues succumbed to profit-taking. Honshu Paper, the speculators' favourite, retreated Y260 to Y1,480 on reports that a Singaporean investor, who held options to buy more than 30 per cent of the outstanding stock, had decided not to exercise the contracts after all. Other speculative stocks also declined, with Takuma falling Y300 to Y1,640 and Kurabo losing Y130 to Y1,720.

Daito Trust and Construction climbed Y400 to Y11,900 on the Nagoya Stock Exchange. The company announced a 100 per cent gratis issue on Monday.

Tosoh, a chemical company, ended Y15 up at Y671, after briefly hitting its daily price fluctuation limit on news that it had developed a new catalyst to remove nitrogen oxides.

In Osaka, the OSE average gained 404.78 to 29,095.36 on volume of 120.5m shares. Dai-Dan, an engineering firm, climbed Y70 to Y3,460 on speculation that it would list its shares on the Tokyo exchange.

Roundup

WALL Street's muted response to the success of the ground war to liberate Kuwait dampened sentiment in several Pacific Rim markets yesterday.

NEW ZEALAND retreated after Monday's 3.1 per cent surge. The Barclays index fell 17.95 or 1.3 per cent to 1,354.26 in turnover of NZ$13.7m, after Monday's NZ$21.7m. Brierley Investments shed 3 cents to NZ$1.06. Its first-half profits report is due on March 7.

AUSTRALIA weakened at the start but then rebounded to end at the day's best.

The All Ordinaries index closed a net 1.0 up at 1,413.4, after slipping to 1,397.1 in the first two hours of trading. Turnover dipped to A$204m from Monday's A$210m.

MANILA dropped in a technical correction after a three-week rally which had taken the market to a 10-month high. The composite index fell 29.71 or 3 per cent to 976.33, while turnover rose to 255m pesos from 227m pesos.

TAIWAN fell back on profit-taking. The weighted index finished at 4,839.46, down 173 or 3.5 per cent. Volume eased to T$64.7bn from T$68bn. Dealers expected liquidity to drop until the end of next month as individuals and companies paid their income tax bills.

News that outstanding margin loans reached a record T$53bn also stirred worries of potential selling.

BANGKOK made an expected recovery, bouncing 5.7 per cent as fears about the military takeover calmed. The SET index recouped 41.90 to 776.14.

SINGAPORE continued to climb. The Straits Times Industrial index gained 15.52 or 1.1 per cent to 1,432.78. Foreign registry shares in Singapore Airlines and DBS were actively traded. Singapore Airlines foreign shares rose 90 cents to S$17.30 with 1.1m exchanged, while DBS foreign shares put on 60 cents to S$12.60. Volume rose to S$266m from S$203.5m.

KUALA LUMPUR's composite index moved ahead 6.85 or 1.2 per cent to 563.47, while trading volume increased to 131.6m shares from 99.5m.

HONG KONG ended moderately higher after volatile trading. The Hang Seng index added 11.98 at 3,532.43. Turnover rose to HK$1.62bn from HK$1.2bn.

SEOUL fell sharply after the recent gains. The composite index closed at 677.27, down 15.53 or 2.2 per cent, on volume of Won292.8bn, after Monday's unusually heavy Won483.6bn.

Tongil was the most active stock with 1.25m shares traded. It fell Won300 to Won10,000 on reports that the Office of National Tax Administration was investigating the group.

JAKARTA weakened 15.62 or 3.7 per cent to 411.40 as heavy selling by state bank-linked brokers reversed recent gains. The selling was triggered by devaluation rumours.

BOMBAY rallied on the reports from the Gulf. The BSE index gained 27.33 to 1,205.20. Brokers called off their boycott of the exchange, which had hit trading on Monday.

SOUTH AFRICA

GOLD SHARES recovered on the back of firmer bullion prices. Vaal Reefs rose R6 to R172. The JSE all-gold index added 28 to 999, while the industrial index rose 2 to 3,213. The all-share index ended 1 lower at 2,758.

EUROPE

Frankfurt drops 2.7% on corporate tax surcharge

MOST BOURSES retreated on profit-taking yesterday, with Frankfurt using the details of a tax surcharge as the excuse. Stockholm continued to advance, however, as Saab-Scania's share price jumped by more than a third, after Monday's news that the Wallenberg family was offering to buy the outstanding shares in the truck and aerospace group, *writes Our Markets Staff.*

FRANKFURT dropped 2.7 per cent after news that the coalition government had agreed on a larger-than-expected 7.5 per cent surcharge on income and corporate tax for one year, as part of the plan to pay for unification. A rise in fuel taxes was in line with expectations.

Dealers said that there was some uncertainty about how the surcharge would affect earnings per share calculations for 1991, as most German company accounts are based on a calendar year while the surcharge is effective from July 1.

However, dealers added that the market had been ripe for a correction and the tax news had prompted both domestic and foreign selling. The real-time DAX index closed at the day's low of 1,558.24, down 42.91, while the FAZ index, calculated at midsession, eased 14.92 or 2.2 per cent to 663.39. Volume was unavailable.

Continental, the tyremaker which has rejected advances from Italy's Pirelli, bucked the trend to close DM3.80 higher at DM242 in thin volume. Analysts said that the buying might be linked to the approach of the company's extraordinary meeting next month, but added that they were wary of reading too much into yesterday's rise.

AMB, the insurer, fell DM10 to DM780 after news that AGF of France had accumulated a holding of 6 per cent.

STOCKHOLM kept climbing thanks to interest in Saab-Scania, although profit-taking tipped prices off their highs. The Affärsvärlden General index added 3.1 to 1,056.1 in active turnover of SKr623m, up from SKr481m.

Saab's free B shares, suspended on Monday, leapt SKr70 to SKr285 on the news of the SKr300-a-share bid.

Nobel restricted shares gained SKr9 or 14.8 per cent to SKr78 amid speculation that the company's leading shareholder might buy in outstanding shares.

PARIS experienced profit-taking, with the CAC 40 index dropping 32.86 or 1.9 per cent to 1,712.31, as turnover shrank to about FFr2.1bn from FFr2.8bn. Second-line stocks continued to attract some interest, following their underperformance of the main market this year.

Among the losers, Michelin fell FFr2.50 to FFr88, Rhône-Poulenc FFr11 to FFr320 and Peugeot FFr16 to FFr503.

Scoa, the trading company, was strong for a second day in heavy volume, rising FFr1.45 or 7.9 per cent to FFr19.90 with 376,200 shares exchanged, mainly on domestic buying.

MILAN fell across the board: Fiat lost L86 to L5,779 and the Comit index fell 7.35 to 574.74.

Pirelli rose L60 to L1,720 on hopes that it might still merge with Continental.

Standa, the retailer which has risen recently on speculative buying, fell L170 to L34,780 on news that Mr Silvio Berlusconi, the majority shareholder, was seeking to buy 4.6m shares, or 17 per cent of the capital, from unnamed minority shareholders at market.

AMSTERDAM closed mixed as a round of profit-taking and a weak opening on Wall Street erased the gains of the previous two days. The CBS Tendency index fell 1.2 to 88.2 in light turnover of Fl 656m.

Unilever shed Fl 2.50 to Fl 150.90 after reporting a modest gain in 1990 net profits but a welcome rise in the dividend to Fl 5.27 from Fl 4.72.

ZURICH retreated on profit-taking, the Crédit Suisse index losing 6.9 or 1.3 per cent to 530.4. The financial sector declined on the belief that interest rates were unlikely to fall any further.

Adia rose SFr25 to SFr795 on expectations, fulfilled after the close, that Omni, the major shareholder, would sell its stake to Asko of Germany.

MADRID fell as investors took profits. The general index dropped 4.73 to 262.68, with banking and utility stocks bearing the brunt of selling.

BRUSSELS lost its early gains in uncertain trading. While the cash market index edged up 1.88 to 5,580.24, the forward market index fell. Société Générale de Belgique gained BFr30 to BFr2,315, after the cancellation of transactions for much of the previous day following a trading error.

HELSINKI kept rising, the Unitas all-share index adding 6.0 to 399.5, but COPENHAGEN eased. Den Danske Bank was active for a second day, with 319,363 shares traded. The shares hit DKr322, before subsiding to DKr319, down DKr0.5.

ISTANBUL and ATHENS both rose 2.7 per cent, the Turkish 75-share index adding 140.74 to 5,433 and the Greek general index 33.73 to 1,274.37.

FT-SE Eurotrack 100 - Feb 26

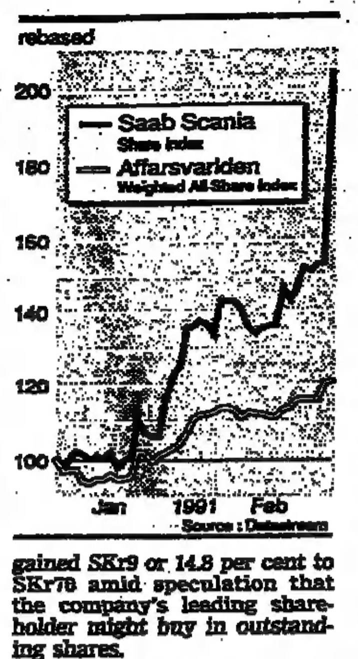
Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1057.41	1054.80	1055.91	1056.06	1054.34	1054.17	1052.33	1050.66

Day's High 1058.93 Day's Low 1048.31

Feb 25	Feb 22	Feb 21	Feb 20	Feb 19
1071.93	1053.96	1047.96	1038.67	1049.67

Base value 1000 (26/10/90)



Fidelity focuses on eastern potential

John Elliott examines one fund management company's Asian plans

FIDELITY Investments, the US and Bermuda-based fund management company, has set itself a new target for expansion outside its established areas of the US and Europe.

Mr Geoffrey Mansfield, the Hong Kong-based regional managing director, says: "We expect to duplicate in Asia what we did in the UK." He says that in 10 years the company has become one of the biggest in the UK, both in terms unit trust sales, at £1.1bn (US$2.1bn), and assets under management.

In practice, and on a rather shorter timescale, that ambition means matching Jardine Fleming, the regional market leader, which says it has more than US$7bn under management in Asia including Tokyo, and overtaking the Hongkong and Shanghai Banking's Wardley offshoot, which has more than US$5bn.

At present Fidelity has US$4.3bn under management in Asia, all of which is invested in the region, out of a total US$120bn under management worldwide. The US$4.3bn is down from US$4.7bn ruling early last year, because of the decline in Asian stock markets.

There is no fixed investment policy governing Fidelity's expansion, except that all the money managed in Asia is invested in Asia.

Mr Mansfield says there are no guidelines about spreading certain percentages of investments around chosen countries, except where investment is fixed in a country fund. These funds are started in places with underdeveloped markets which are liberalising their investment laws.

'We work from the bottom up and find companies that are attractive and we buy stocks that are undervalued, picking companies not countries'

"We work from the bottom up and find companies that are attractive and we buy stocks that are undervalued, picking companies not countries," he adds.

Mr Richard Wastcoat, marketing director, comments: "If there is any industrial pattern, it is that currently we go for utilities and some other companies in Hong Kong because they have more predictable earnings potential, and for construction and other infrastructure assets in south-east Asia that can rapidly increase their earnings. We also look especially to undervalued small and medium-sized companies."

Fidelity started its new Asian drive early last year with heavy marketing because of the potential created by rapid increases in the region's personal wealth, and because countries are gradually opening their markets up to outside investors and fund managers.

Earlier it had started with offices which developed slowly in Tokyo in 1969, Hong Kong in 1981, Australia in 1986 and (more successfully) Taiwan in 1987. It opened in Singapore last month.

About 60 per cent of the US$4bn comes from institutions and is invested at their request directly in Asian equities, mostly in Japan. The other 40 per cent or US$1.7bn is retail business raised through named trusts; at present it is invested on a rough 50:50 split between Japan and southeast Asia, including Hong Kong and Taiwan.

This US$1.7bn includes US$100m in seven Asia-oriented funds, which form part of a package of 20 Luxembourg-based Fidelity Funds launched last October. The seven include five country funds – Japan, Hong Kong, Malaysia, Singapore and Thailand – and two regional funds called South East Asia and Asean.

There is also US$290m in three closed-end funds managed by Fidelity in Thailand, Taiwan and Indonesia, US$560m in Fidelity's UK unit trusts sold to UK investors, and US$160m in other offshore and managed funds sold in Europe and Asia.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY FEBRUARY 25 1991								FRIDAY FEBRUARY 22 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990/91 High	1990/91 Low	Year ago (approx)
Australia (75)	133.58	+1.7	102.99	112.60	105.74	113.46	+2.0	6.04	131.34	100.16	109.79	102.70	111.29	158.31	112.74	138.09
Austria (19)	218.75	−0.4	168.65	184.39	173.15	172.47	+1.3	1.58	219.63	167.50	183.61	171.73	170.28	285.63	167.00	261.29
Belgium (60)	149.14	−0.7	114.98	125.71	118.05	115.30	+1.3	5.11	150.17	114.53	125.53	117.42	113.88	160.02	121.73	132.11
Canada (116)	137.09	−0.2	105.70	115.55	108.51	114.36	−0.2	3.51	137.40	104.79	114.86	107.43	114.62	153.61	121.24	137.42
Denmark (32)	268.97	−0.1	207.37	226.72	212.90	213.55	+1.3	1.82	269.31	205.38	225.14	210.58	210.88	277.82	217.74	245.61
Finland (21)	114.43	−0.2	88.22	96.46	90.58	88.10	+1.3	3.19	114.66	87.45	95.86	89.66	86.98	152.29	90.61	148.15
France (113)	148.06	+0.5	114.15	124.80	117.19	120.19	+1.6	3.43	147.32	112.35	123.15	115.18	118.26	168.85	121.85	141.69
Germany (88)	124.26	+0.5	95.80	104.75	98.35	98.35	+1.8	2.31	123.60	94.26	103.34	96.64	96.64	144.63	101.38	123.04
Hong Kong (48)	142.65	+0.9	109.98	120.24	112.92	142.73	+0.9	4.70	141.40	107.84	118.20	110.57	141.43	147.49	112.24	117.51
Ireland (16)	169.76	+1.6	130.88	143.09	134.37	136.76	+3.3	3.34	167.15	127.48	139.74	130.70	132.39	198.57	132.88	188.64
Italy (91)	88.23	+1.0	68.02	74.36	69.83	74.97	+2.0	3.37	87.35	66.61	73.01	68.29	73.52	109.26	72.05	92.07
Japan (453)	144.29	+1.5	111.25	121.63	114.23	121.63	+2.3	0.70	142.21	108.46	118.89	111.21	118.89	197.26	106.58	159.43
Malaysia (34)	228.84	−0.6	176.43	192.89	181.14	238.54	−0.3	3.16	230.23	175.58	192.45	180.01	239.36	250.89	182.96	230.96
Mexico (12)	601.32	+0.8	463.61	506.87	475.97	1957.90	+0.8	0.35	596.66	455.04	498.79	466.55	1942.07	613.96	324.53	385.85
Netherland (41)	142.73	+0.7	110.04	120.31	112.98	111.72	+1.8	4.84	141.71	108.06	118.47	110.81	109.70	149.03	125.70	130.97
New Zealand (15)	48.77	+3.2	37.60	41.11	38.60	43.34	+3.2	7.84	47.26	36.04	39.51	36.95	42.00	75.36	41.18	61.96
Norway (30)	208.30	−1.0	160.59	175.58	164.88	168.01	+0.6	1.66	210.32	160.40	175.82	164.46	167.00	276.79	182.24	229.50
Singapore (25)	191.98	+0.1	148.01	161.83	151.96	151.91	+0.1	2.74	191.74	146.23	160.29	149.93	151.72	209.24	147.24	186.45
South Africa (60)	201.14	+2.8	155.07	169.54	159.21	136.76	+0.0	3.88	195.57	149.15	163.48	152.91	136.82	251.39	151.50	197.79
Spain (41)	168.40	+1.4	129.83	141.95	133.29	120.87	+2.5	4.69	166.11	126.68	138.87	129.88	117.98	182.25	128.54	147.87
Sweden (27)	191.58	+1.6	147.71	161.49	151.65	160.24	+2.9	2.56	188.54	143.79	157.62	147.43	155.68	234.93	146.60	181.29
Switzerland (65)	99.82	+1.0	76.96	84.15	79.03	80.67	+2.1	2.56	98.85	75.39	82.65	77.31	79.03	109.77	82.17	93.46
United Kingdom (296)	180.54	−0.1	139.19	152.16	142.89	139.19	+1.0	5.06	180.71	137.82	151.05	141.29	137.82	182.40	139.87	154.73
USA (526)	148.84	+0.5	114.75	125.47	117.82	148.84	+0.5	3.30	148.16	112.99	123.86	115.85	148.16	149.55	119.06	133.04
Europe (940)	149.01	+0.3	114.88	125.61	117.95	116.74	+1.5	4.01	148.53	113.28	124.17	116.14	115.04	157.65	124.91	136.87
Nordic (110)	193.43	+0.5	149.13	163.05	153.11	151.43	+1.9	2.07	192.50	146.81	160.93	150.52	148.65	223.29	155.55	187.46
Pacific Basin (650)	143.48	+1.4	110.62	120.94	113.57	121.66	+2.2	1.04	141.43	107.86	118.23	110.59	119.00	192.75	107.82	157.05
Euro – Pacific (1590)	146.10	+1.0	112.64	123.14	115.64	120.44	+1.9	2.28	144.69	110.35	120.95	113.13	118.18	174.18	116.03	149.24
North America (642)	148.03	+0.4	114.13	124.79	117.19	146.53	+0.4	3.31	147.41	112.42	123.24	115.28	145.91	148.87	119.26	133.21
Europe Ex. UK (644)	129.50	+0.6	99.84	109.18	102.53	103.48	+1.8	3.25	128.69	98.14	107.60	100.65	101.61	145.62	106.85	124.83
Pacific Ex. Japan (197)	133.03	+1.2	102.56	112.15	105.31	117.86	+1.4	5.24	131.40	100.21	109.88	102.76	116.26	146.72	111.40	128.16
World Ex. US (1778)	146.61	+1.0	113.03	123.59	116.05	120.88	+1.8	2.34	145.21	110.75	121.40	113.55	118.72	173.77	117.12	149.44
World Ex. UK (2008)	142.87	+0.9	110.15	120.44	113.10	128.68	+1.4	2.38	141.60	107.99	118.38	110.73	126.92	162.00	115.37	141.39
World Ex. So. Af. (2244)	145.88	+0.8	112.47	122.98	115.48	129.66	+1.4	2.66	144.77	110.41	121.03	113.21	127.92	161.84	118.04	142.28
World Ex. Japan (1851)	148.65	+0.4	114.61	125.32	117.68	133.87	+0.9	3.66	147.99	112.87	123.73	115.74	132.71	151.59	124.31	135.28
The World Index (2304)	146.21	+0.8	112.73	123.25	115.74	129.70	+1.3	2.87	145.07	110.64	121.28	113.44	127.98	162.05	118.33	142.57

Latest prices were unavailable for this edition.